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ENVIRONMENTAL FACTORS WHICH INFLUENCE THE INTERNATIONALIZATION OF SMEs: A Case Study from a Ghanaian SME.

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Abstract

Aim: The purpose of this research is to develop an in-depth understanding on the environmental factors that influence the internationalization of SMEs in an emerging African market environment.

Methods: The study was conducted by using a qualitative research design. To fulfil the purpose of this research, the researchers adopted the use of a single case study to explain the different aspects of the topic being studied within the emerging market context. The research was supported with primary data obtained directly from the company through interviews and also with secondary data in order to support and compare the results obtained from this research. Results were analyzed using thematic analysis with the use of the NVivo software to represent data collected.

Results: The main findings of this research indicate the internationalization process of financial SMEs in an African country like Ghana is heavily influenced by the socio-cultural factors in their home market environment and the technological factors in their host markets. Again, it was realized that the internal resources of the firm, particularly the competitive advantage, remained highly relevant and influential in the internationalization process on both markets. Furthermore, it was found that the internationalization process was not only influenced by the firm's resources or the environmental factors but also by the firm's organizational internal processes, international activities, level of foreign experiences and firm identity.

Conclusions: Environmental factors have both positive and negative influence on the internationalization process of financial SMEs in an emerging economy like Ghana. Some factors have more impact on the home market than on the host market and vice versa. In addition, the internationalization process of financial SMEs in Ghana can mostly be initiated and successful when the firm has a market gap or foothold strong enough to sustain competitive advantage in the long run on both host and home markets. More importantly, this unique edge must be buttressed by ample firm resources.

Keywords: Internationalization, Small and Medium Enterprises, Environmental Factors, Emerging Markets, Resource Based View.

Paper type: Case Study

List of Abbreviations

APA	American Psychological Association
AU	African Union
BoG	Bank of Ghana
COO	Chief Operating Officer
ECOWAS	Economic Community of West African States
EEA	European Economic Area
EU	European Union
GCB	Ghana Commercial Bank Ltd.
GDP	Gross Domestic Product
GN BANK	Groupe Nduom Bank
HSBC	Hong Kong and Shanghai Banking Corporation
ICT	Information and Communication Technologies
IMF	International Monetary Found
INIT	International Institute for Information Technology
KPMG	Klynveld Peat Marwick Goerdeler
LTD	Limited Company
NAFTA	North American Free Trade Agreement
NBFI	Non-Bank Financial Institution
OECD	Organization for Economic Cooperation and Development
RBV	Resource Based View
SME	Small and Medium sized Enterprise
SSA	South Sahara Africa
UN	United Nation
USA	United States of America
USD	United States Dollars
WTO	World Trade Organization

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1. INTRODUCTION

Internationalization is the process of geographically expanding the presence and economic activities of firms across a home country's border into a foreign market (Tahir & Mehmood, 2010; Kiran, Majumdar, & Kishore, 2013). It includes exporting, creation of foreign subsidiaries through mergers and acquisitions, and Foreign Direct Investments (FDI) (Ojala & Tyrväinen, 2009). The steady growth of businesses in emerging markets and their assimilation into the global economy has been an aspect of globalization that has captured the interest of researchers in recent years (Clercq, Sapienza, & Hans, 2005; Kujala, 2015). Academic literature shows that many countries in these emerging markets have liberalized their trade policies and have either reduced or removed trade barriers to encourage both local and foreign companies to engage in international trade without imposed taxes, delays, and uncertainties (Quartey, Aidam, & Obeng, 2006; Asiedu, 2013; Müjdelen, Barış, & Sinem, 2016). According to Asiedu (2013), this agreement to economic integration and free market policy incites local businesses to be more competitive, pushes them to grow, and to remain relevant and profitable in their respective industries on both domestic and international markets.

Small and Medium sized Enterprises (SMEs) are recently engaged actively in operating in international markets as a means of gaining access to and amassing resources to increase their competitive edge (Clercq, Sapienza, & Hans, 2005). Theories on Internationalization have been fulfilled by research on already established large companies over the years (Ketkar & Zoltan, 2013). According to Kiran, Majumdar, & Kishore (2013), the leading factors that influence internationalization of SMEs are resources, the environment, and the type of industry the firm operates in. In general, the internationalization processes of SMEs from more developed markets such as the United States of America (USA) and the European markets have comparatively received more attention in academic literature while the internationalization process of SMEs from emerging markets has yet to be effectively studied (Fjose, Grünfeld, & Green, 2010; Blankson, Ketron, & Darmoe, 2017).

1.1 Background of the Topic

The liberalization policies in Ghana's financial sector were introduced to strengthen the economic growth of the country and harmonise the local economy with financial markets worldwide (Asiedu, 2013). Subsequently, several pressing reforms were instituted with the purpose of increasing competitiveness in the sector, to inspire innovation in financial products and services, and to make headway in financial inclusion programs (Awuah G. , 2009; Bank of Ghana, 2018). This activated the entrance of foreign banks onto the local market with the focus to promote economic growth (Bawumia, Owusu-Danso, & McIntyre, 2008). However, a substantive number of domestic SMEs were unable to survive the intense competition from the foreign entrants and either collapsed or were forced to sell out to these new banks (Blankson, Ketron, & Darmoe, 2017). Aside the competition, recapitalization policies imposed on the banks made it impossible for local banks to stay afloat due to their inability to build up resources unlike their foreign competitors who had a robust resource support from their parent companies (Bawumia M. , 2010; Awuah & Mohamed, 2011).

Maintenance of the competitive advantage for SMEs is crucial for their growth and survival both in their local markets and on the global stage (Matiusinaite & Sekliuckiene, 2015). However, SMEs in developing countries like Ghana are at a competitively disadvantaged stance against the more financially powerful foreign companies in both local and global markets (Awuah, 2009; Rahman, Uddin, & Lodorfos, 2017). For example, the Ghana nail industry was completely shut down after the influx of imported nails from China and India (Awuah & Mohamed, 2011) and several banks went out of business due to their inability to survive the pressure from foreign banks due to constraints such as techological and financal factors (Bawumia M. , 2010). According to the Human Development Report (2004), SMEs in developing countries do not share equal benefits from globalization and internationalization trends due to inefficiencies in governmental economic policies, technological, transportation, communication systems and the financial systems.

The 2004 Human Development report explained that these inefficiencies leave the economy vulnerable to external activities and sources. For example, Ghana faces a highly volatile currency exchange rate against denominations of more developed markets such as the USA and Europe (Bawumia M. , 2010). It is argued that not all SMEs feel the need to internationalize to be successful in their respective industries (Ibeh, Wilson, & Chizema, 2012), however, recent developments in the financial sector in Ghana where two more local banks have recently collapsed (Bank of Ghana , 2018), supports the view that SMEs need to internationalize to remain competitive and relevant in their industries (Kiran, Majumdar, & Kishore, 2013). Due to the comparatively small market size SMEs have access to and service, these firms usually have less capital, fewer qualified employees, and low tolerance for risk when compared to huge multinational companies and are less likely to adequately meet the demands of more developed foreign markets (Shepherd, Duve, & Mupemhi, 2013; Matiusinaite & Sekliuckiene, 2015). As a result, they are more likely to suffer heavy losses if attempts at internationalisation do not yield the expected results due to some environmental factors (Anand, 2015).

There are several challenges that impede the internationalization process of SMEs in developing countries (Child, Rodrigues, & Frynas, 2009). The significance of environmental factors that either encourage or restrict internationalization was recently highlighted as the ensuing outcome of a keen argument in research (Matiusinaite & Sekliuckiene, 2015). According to He (2011) and Curtis (2016), there has been a rousing increase in literature pertaining to the environmental factors which affect the internationalisation strategies of firms. The authors attribute this rise in the number of literature to the growing interest in technology, globalization trends and the internationalization of businesses, especially multinational companies. It should be noted that these globalization and internationalization concepts are widely associated with already large firms with strong national or regional presence over large geographical areas (Akimana, 2017). Fast-paced changes in the global business environment have compelled Small and Medium Sized Enterprises (SMEs) to also expand locally and internationally to remain relevant in their specific industries (Clercq, Sapienza, & Hans, 2005; Felício, Caldeirinha, Rodrigues, & Kyvik, 2013).

1.2 Research Gap

Academic research on the internationalization of SMEs has been mainly directed on companies from developed markets (Jose & Lee, 2007). Despite the rapid advancements in globalization and the sustained attention on developing economies, just a handful of research work has concentrated on the internationalization of SMEs in emerging markets, particularly in Sub Saharan African (SSA) countries such as Ghana (Awuah & Mohamed, 2011; Anand, 2015). In addition, the prior internationalization theories that try to explain the internationalization processes of SMEs have been focused on larger firms that have already established their presence internationally (Kuivalainen et al., 2012). As a result, most of these theories have been inadequate to independently explain the internationalization patterns for SMEs in developing countries, in particular the firms from African emerging markets (Rahman, Uddin, & Lodorfos, 2017).

There are some disparities between the cultural and economic factors in the domestic environments of developed and emerging markets which render the arguments and findings in previous theories ungeneralizable to SMEs in such developing markets (Akimana, 2017). Therefore, the need arises for existing theories to be contextualized with research from emerging markets (Clercq, Sapienza, & Hans, 2005; Ojala & Tyrväinen, 2009; Müjdelen, Barış, & Sinem, 2016). On account of the scant research on SMEs in Sub Saharan African markets such as Ghana, several researchers have suggested that more academic research should focus on these emerging markets (Ruiz Garcia, 2009; Ibeh, Wilson, & Chizema, 2012; Curtis, 2016).

Furthermore, existing research from emerging markets in Sub Saharan Africa have been primarily centered on the agriculture and food industry, the retail, textile, software, general manufacturing industries and their exporting activities (Akimana, 2017; Dever, 2013; Hajela & Akbar, 2005; He, 2011; Kujala, 2015; Mpuga, 2004). While several researchers have shown interest in the financial industry, most empirical studies have been focused on the electronic business activities and products of the firms while the internationalization processes within the industry seems to have been overlooked (Hinson, 2001; Bawumia, Owusu-Danso, & McIntyre, 2008; Blankson, Ketron, & Darmoe, 2017). This is besides the knowledge that the financial sector is an imperative player in the growth of emerging economies and in particular, Ghana (Claessens, 2006). As a result several academic researchers have called for the study of the internationalization process in the financial sector especially of emerging markets (Amoako & Matlay, 2015; Blankson, Ketron, & Darmoe, 2017; Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012; Kunday & Sengüler, 2015; Shamsuddoha, Yunus, & Ndubisi, 2009). In response, this study will contribute to the meagre amount of research conducted in the financial sector of emerging markets which includes Ghana.

Again, majority of the significant studies on SMEs are in Asian emerging economies that predominantly apply quantitative studies, which do not adequately present ample and comprehensive contextual findings and evaluations (Fjose, Grünfeld, & Green, 2010; Anand, 2015; Zhang, 2015). Hence, Awuah, (2009), Ibeh, Wilson, and Chizema (2012) and Rahman, Uddin, and Lodorfos (2017) have clamoured for more qualitative and case specific research from the African emerging economy perspective. Furthermore, although the Resource Based View (RBV) has been frequently used in existing literature, only a few empirical studies apply the theory to SMEs in emerging economies (Panda & Reddy, 2016).

It is very rare to find research literature on an emerging SME from a developing country like Ghana that has successfully internationalized its name, brand, products, and services into foreign markets (Awuah G. , 2009). In addition, there exists only a handful of literature that provides an in-depth analysis of the environmental factors which affect the internationalisation efforts of SME's in emerging markets (Akimana, 2017). It was also seen in some academic literature that while SMEs in developed countries were mainly focused on factors from their intended markets, SMEs in developing countries had to deal with these factors in their home markets as well as their target markets which made it even more difficult for them to internationalise (OECD, 2004; Rahman et al., 2017; Mupemhi, Duve, & Mupemhi, 2013). There is a lack of relevant literature adequately covering the topic since most of the readily available literature focused on huge established firms and their internationalisation strategies (Mupemhi, Duve, & Mupemhi, 2013).

In application to the discussion above, this study will contribute to existing literature on internationalization of SMEs by explaining the factors that enable or hinder SMEs in Ghana and other developing countries to overcome the factors that impede their growth, expansion, and internationalization processes. It will also give a perspective from the financial sector, which is relatively under-researched, of emerging markets and the results from this study will show how SMEs in this industry can improve on their competitive edge on both the local and foreign markets.

1.3 Research Purpose and Question

Taking the research gap as explained above into consideration, the purpose of this research is *'To develop an in-depth understanding on the environmental factors that influence the internationalization of SMEs in an emerging African market environment.'*

The research question accompanying the main research purpose follows:

- *How do environmental factors influence the internationalization process of SMEs in an emerging African market?*

This specific research focuses on a Ghanaian SME and its internationalization into similar markets in Sub Sahara Africa. The industry to be centered on is the financial industry. The catalysts for the selected research context are reasoned in Sections 1.1 and 1.2; see also Chapter 3 for a detailed explanation. This paper employs the use of a case study to fulfil the research purpose. In addition, the chosen case is a Ghanaian SME in the financial sector. The reasons for this case selection are discussed in chapter 4.

1.4 Key Terms and Definitions

In this section, the essential concepts that are needed to comprehend the subsequent chapters and discussion are defined. Some of these terms are fully explained in Chapter 2.

Environmental Factors:

There are various definitions of environmental factors in existing literature. The concept has been defined from different perspectives in relation to Internationalization. There are perspectives where these environmental factors are explained to be opportunities for SMEs to take advantage of in order to internationalise to other markets (He, 2011) (Kujala, 2015) (Zhang, 2015). There is the perspective where these factors are considered to be barriers to the internationalization of SMEs (Sveinung, Grünfeld, & Green, 2010; Schweizer, 2012; Yenera, Doğruoğlub, & Ergunb, 2016).

This study adopts the definitive perspective by Angdal and Axelsson (2012) who explain environmental factors as the distinctive constraints within a country and between two or more countries which limit the capacity and control of the firm's activities. These factors can be internal on the home market environment or external on the host market environment in Internationalization and include governmental, economic, financial, technological, and socio-cultural factors.

Internationalization:

For the purposes of this research, Internationalization will be defined as the means by which SMEs are able to successfully enter and establish their products and services beyond their local national market borders and attract a share of the target markets of countries in similar economic regions (Awuah, 2009). This paper limits the means of internationalization to representative offices, foreign subsidiaries, international mergers and acquisitions because these are the most common means of internationalization for the domestic financial SMEs in Ghana that have set up in foreign markets (Vijay, 2011; Asiedu, 2013; Bank of Ghana , 2018).

Small and Medium Enterprises (SMEs):

The definition of SMEs differs across countries and might have other differences in terms of the amount of organization's capital, size of human resource, etc. as indicated by the corresponding governments (Akimana, 2017). In Ghana, SMEs are primarily defined by size of the workforce, the amount of capital needed to establish, and the volume of asset ownership (Ibeh, Wilson, & Chizema, 2012). In the financial sector of Ghana, SMEs are defined in relation to the number of branches in the country, the Financial Position of the bank and the number of workers employed at each of the branches (Bank of Ghana, 2018).

Table 1.1 *Classifications of SMEs*

Classification	Number of Branches	Number of Employees	Financial Position
SMALL	1 - 20	10 - 200	USD 120 - 250 million
MEDIUM	20 - 100	200 - 1000	USD 250 - 500 million
LARGE	100 & above	1000 & above	USD 500 million & above

Source: *Bank of Ghana Report (2018)*

According to ***Table 1.1*** above, banks in Ghana can be classified as Small, Medium, or Large based primarily on the classification of the number of branches, employees and the volume of assets or the yearly Financial Position as mentioned earlier (Bank of Ghana, 2018; Ibeh, Wilson, & Chizema, 2012). However, it is to be noted that some banks may not belong to a specific category because they may fit into either category depending on the criteria of classification stated in ***Table 1.1*** above. Find below an example as illustrated in ***Table 1.2***:

Table 1.2 *Illustrations of Bank Resources (2016)*

Name of Bank	Number of Branches	Number of Employees	Financial Position
GCB	161	1,532	USD 1.2 billion
Fidelity	75	1,039	USD 842 million
GN Bank	290	1,677	USD 154 million

Source*: PwC Ghana Banking Survey Report (2017)*

In ***Table 1.2***, it can be observed that GCB fulfils all the criteria to be classified as a large bank in Ghana. Meanwhile, the number of branches of Fidelity fits the classification of a medium sized bank even though it has the number of employees and financial position fit for a large bank. On the other hand, GN Bank has the highest number of branches and employees but with the least amount in value for financial position. Nevertheless, GCB is currently regarded as the largest bank in Ghana by renowned accounting firms who also classify GN Bank and Fidelity Bank as Medium Sized Banks (Bank of Ghana , 2018; Blankson, Ketron, & Darmoe, 2017).

Emerging Markets:

The definition of this term widely varies in academic literature. This term is used to describe countries that are rapidly assimilating industrialization processes and implementing privatization policies and diverging from the reliance on more conventional economic activities such as agriculture and exportation of natural resources and other raw materials (Kiran, Majumdar, & Kishore, 2013). These markets are considered to adopt relatively new systems connected with trade liberalizations and processes built on information technologies (Asiedu, 2013).

Investors consider these markets to yield higher returns despite the high level of risk associated with these countries (Ruzzier, Hisrich, & Antoncic, 2006). There are widely known emerging markets such as Brazil, Russia, India and China (BRICs) (Felício, Meidutė, & Kyvik, 2016). There are other popular emerging markets in Africa such as Egypt, South Africa and Nigeria (Rahman, Uddin, & Lodorfos, 2017). Per the definitions stated in the above paragraph, Ghana is considered an emerging market albeit a minor one due to the smaller population size compared to the popular emerging markets (Acheampong & Dana, 2017; ISSER, 2008). For this study, we use the terms ‘developing markets/nations/countries/economies’ interchangeably with emerging markets.

1.5 Thesis Outline

After introducing the research problem and stating the research aim in Chapter 1, the paper will be structured as follows:

In chapter two, the home and host markets of the case company in the financial sector are presented. It also provides an overview of the context of the research in terms of background knowledge of the Ghanaian economy and the characteristics of the financial industry. This chapter also discusses a brief history of the case firm. The theoretical framework, relevant theories, and peer-reviewed literature on SMEs, Internationalization, and environmental factors are reviewed in chapter 3.

Chapter 4 gives a breakdown of the research design which comprises the research approach, strategy, and data collection process, method of analysis, research and data qualities as well as limitations to the research are described. It includes the motivations behind the selected qualitative case study method.

In the fifth chapter, the research findings regarding the internationalization process to foreign markets are summarised and reported. It also consists of analysis of the data and discussion of information gathered from the data collection process applied. Finally, conclusion and recommendations for future research are presented in the sixth and final chapter followed by references.

2. CONTEXT OF THE CASE

This chapter concentrates on the market situation of emerging countries such as Ghana that is associated with the domestic and international business activities of SMEs, especially those in the financial sector. It gives an overview of the development of the home market environment and the financial industry and a brief insight into host markets relevant for this study.

2.1 The Home Market Environment

Ghana is a member of the AU, ECOWAS, UN, World Trade Organization (WTO) and the Commonwealth of Nations and hence, it participates in several trade agreements with these organizations and their member countries. In a report of World Bank in the year 2000, Ghana is one of the most successful West African countries in SSA that has instituted structural adjustments in its economy (Dinye & Nyaba, 2001).

The fundamental ideologies of these reforms were founded upon the neoclassical concept of free markets and better pricing determinants that will increase supply of foreign direct investments in support of the adjustment policies (Awuah, 2009). The path to free markets and robust monetary systems was through financial and trade liberalization agreements with the World Bank and International Monetary Fund (IMF) where governmental controls over the price and value management within the financial and other sectors of the economy were reduced to a minimum (Asiedu, 2013). These reform policies opened up the Ghanaian economy to foreign companies and are characterized by privatization of banks and other domestic corporations by international firms (Bawumi, 2010).

Economically, Ghana is one of rapidly developing countries in West Africa with a population of 28 million (Acheampong & Dana, 2017). The mining of natural resources such as gold, bauxite, magnesium, and diamond in the economy is largely managed by foreign companies (Asiedu, 2013). A higher percentage of the mining and management of the recently discovered oil in 2010 in the country has also been delegated to an international firm for management (Ibeh, Wilson, & Chizema, 2012). The more matured local telecommunications and textile industries have received increasing competition from firms in Europe and Asia (Kujala, 2015). Although Ghana has relatively better hydroelectric potential, it is heavily mismanaged and left unexploited to realize the full capacity (Awuah & Mohamed, 2011). Ghana is known to be the second largest exporter of cocoa in the world and the second biggest exporter of gold in Africa with reserves estimated to be higher than Peru and Papua Guinea (Quartey, Aidam, & Obeng, 2006), however the country still records negative Balance of Payments (BOP) in its budgets (Bawumia, Owusu-Danso, & McIntyre, 2008).

Ghana has a high context culture where individuals, societies, and local businesses are commonly characterized by group thinking, exuberant inter-personal relations, less regard for punctuality, frequent body contact during communications, and limited personal space (Hall, 1976; Acheampong & Dana, 2017). The country has enjoyed a well-established democracy for the past 26 years and is considered one of the most peaceful and politically stable countries in Africa and is rated among the top five favourable countries to manage business operations in Africa (Kujala, 2015). However, there is an acute lack of financial resources to help boost the projects and developments of the economy (ISSER, 2008; Bawumia M., 2010; Awuah & Mohamed, 2011; Vijay, 2011; Asiedu, 2013). The technological environment in Ghana is gradually developing although it is currently below globally accepted standards (Hinson, 2001; Bank of Ghana , 2018) and the economic environment is characterized by highly volatile exchange rates and inflation (Bawumia, Owusu-Danso, & McIntyre, 2008).

SMEs in Ghana are generally defined by size of the workforce, the number of branches, and the volume of asset ownership or the Financial Position as shown in ***Table 1.1*** (Bank of Ghana, 2018; Ibeh, Wilson, & Chizema, 2012). Research depicts that SMEs in Ghana are a driving force in the activities and development of the economy (Blankson, Ketron, & Darmoe, 2017). They are very instrumental in the market's supply and value chain since a lot of retail, transport, banking, and farming companies in Ghana are SMEs (Kujala, 2015). However, these SMEs are limited in their growth and expansion opportunities due to lack of financial, technological, human capital, and infrastructural resources (Ibeh, Wilson, & Chizema, 2012). Furthermore, they are subjected to enormous pressure from their foreign competitors in the country which a large of them are unable to cope with (Vijay, 2011). Again, economic indicators such as inflation, interest rates, and exchange rates, constantly disrupt the financial value of these SMEs (Bawumia M. , 2010). Currently, the cost of doing business in Ghana has increased due to erratic power supply, expensive yet unstable access to internet, poor transportation systems, high taxes, and bureaucratic systems which are time consuming (Awuah & Mohamed, 2011; Blankson, Ketron, & Darmoe, 2017).

2.2 The Economic System and Financial Industry in Ghana

The evolution of the financial industry in Ghana can be traced to the colonial Gold Coast from Direct Controls of the colonial economic structure between 1957 and 1983 (Bawumia, 2010). The central Bank of Ghana was established to regulate money supply, monitor inflation, and to bring stability in the monetary system in 1957 (Bank of Ghana, 2018). The economic policies in Ghana embraced the idea of government interference in all matters with affected the growth of the country which resulted in Bank of Ghana’s monetary policy of direct controls (Bawumia, Owusu-Danso, & McIntyre, 2008). Over the years, and according to the leaders of ruling parties and military take overs, indirect monetary controls were developed in the forms of Open Market Operations (OMO) such as money market instruments and repurchase agreements (Bawumia, 2010).

Between 1984 and the year 2000, there was an encompassing macroeconomic adjustment program which was initiated by the IMF and the World Bank (Asiedu, 2013). This introduced the liberalization of the financial market in Ghana under the Financial Sector Adjustment Programme (FINSAP) (Awuah, 2009). These adjustments included the removal of interest rate ceilings, abolishing of directed debit and credit controls, and the development of money and capital markets. Between this era, there were seven banks in Ghana with four domestic governmental banks being Ghana Commercial Bank, Merchant Bank, the Agricultural Development Bank, and the National Investment Bank (Bank of Ghana , 2018). It was during this era that the Ghana Stock Exchange was established in 1990. This period also encouraged a massive privatisation of many governmental institutions and companies by foreign players in the respective industries across all sectors in the country (Bawumia, 2010).

Another period of reforms in the financial industry was enforced between 2001 and 2008. This was because despite the previously instituted adjustments, the financial sector was still plagued by high nominal interest rates, low financial intermediation; cash dominated payment systems, large unbanked population, and the absence of a robust legal framework (Bank of Ghana , 2018; Bawumia M. , 2010). Several Acts were only introduced and enforced about ten to fourteen years ago such as the Banking Amendment Act 2007, Anti-Money Laundering Act 2008, Credit Reporting Act 2008, Borrowers and Lenders Act 2008, and the introduction of electronic transporting of the Payments and Settlement Systems which was introduced in 2004 (Bawumia, 2010). Furthermore, the currency of the country underwent a redenomination in 2007 which gave the economy the freedom to transact business in the most proficient way and also to increase the exchange rate value for all parties within and outside the banking system (Bawumia, 2010). Most of these reforms also created market gaps that could not be immediately attended to by the domestic firms and as such attracted foreign companies who were more developed and advanced into the economic market (Asiedu, 2013).

All these reforms and adjustments opened up the economy to external businesses who considered Ghana to be a relatively profitable and conducive business location over the years (Awuah G. , 2009). As a result, the relatively young and developing financial sector is gradually being overtaken by foreign banks as several domestic banks have collapsed from the intense competitive pressure from the more powerful foreign competitors from USA, South Africa, and Nigeria (Bank of Ghana , 2018).

In conclusion, Ghana is a good example of an emerging market in SSA (Acheampong & Dana, 2017) and is therefore suitable for the purpose of research.

2.3 The Economic System and Financial Industry in Nigeria

Nigeria is considered as the largest country in Africa in terms of its population size of about 195 million as at 2017 (Central Bank of Nigeria, 2016). In terms of technology, Nigeria is considered to be among the top three countries with most developed technological environments (Okwu, 2017). Nigeria is also one of the closest economies to Ghana in terms of several trade agreements in the manufacturing and financial industries (Ibeh, Wilson, & Chizema, 2012).

A recent drop in the Gross Domestic Product (GDP) of Nigeria is as a result of the recent recession of the Nigerian economy in the middle of 2017 (Monetary Policy Circular, 2016). Nigerian Government launched a recovery plan for diversification and reactivation of the economy and also for developing the infrastructure of the country. After the implementation of this recovering plan, the economy has observed a slight recovery due to the increment of production in sectors like agriculture, manufacturing, and the financial services sectors. The Central Bank of Nigeria (CBN) has also been participating in the recovery process by maintaining stability in the monetary policy and exchange rates.

In terms of the capital market in Nigeria, the development can be referred to the liberalization of foreign exchange market which has attracted foreign direct investment into the country and reactivated the capital flow, helping Nigeria to recover after its most recent recession (Okwu, 2017). Nigeria relies on internal agencies that help to sustain the stability of the economy and financial markets (Okwu, 2017). An example is the Financial Market Department, which is in charge of promoting market interventions to achieve monetary policy and promote efficiency in the markets. The growth of the domestic economy of Nigeria is usually dominated by the non-oil sector, and the government is known for its active support for continuous growth in the agricultural and manufacturing sectors and contribute to the development of the economy over the past ten years (Monetary Policy Circular, 2016). Inflation rate has decreased steadily between 2012 and 2018 and is currently 12.48%, as compared to 9.6% in Ghana, which has resulted in increasing the private sector investment (Central Bank of Nigeria, 2016).

In conclusion the Nigerian economy can be considered fairly conducive as a host market for foreign businesses from other countries.

2.4 The Economic System and Financial Industry in South Africa

South Africa (SA) is currently the leading emerging African market in the world (Sveinung, Grünfeld, & Green, 2010). This country is also a member of the African Union, United Nations, World Trade Organization (WTO) and the Commonwealth of Nations and hence, participates in several trade agreements with Ghana (Vijay, 2011). According to the South African Reserve Bank (SARB) 2017 annual report, the SA economy deteriorated as a result of the increase in consumption at the expense of domestic investment by the country. South Africa, like Ghana and Nigeria, also pegs its currency exchange rates on the United States Dollar (USD). The country also has volatile financial markets. However, the SA financial market in comparison to Ghana and Nigeria is one of the most matured markets in Africa (Awuah, 2009). The SA Rand over the span of the past three years has been experiencing currency depreciation which was contributed by domestic economic activities such as strained labour relations environment and the a weak growth outlook (SARB, 2015).

South Africa is also the leading African emerging market with the lowest inflation rate which ranges between 3 to 6 percent as at September 2017 (Kganyago, 2016). The country has also adopted trade liberalization reforms as early as 1922 (International Trade Center, 2016). As at

2016, the population of SA was almost 56 million which is more than twice the size of Ghana. One distinctive factor of this economy from majority of countries in Africa is the mixed population of black and white South Africans and as a result the culture of the economy is mixed with high context and low context cultures depending on the local geographical location in which a business operates (Kganyago, 2016). The strength of the economy also hinges on its natural resources such as gold, oil and other precious metals (Dickson, Weaver, & Vozikis, 2013). As such, the mining and manufacturing sectors in the economy are the most active and matured in the country. However, unlike most emerging African markets, SA manages majority of its sectors in the economy such as the transportation, power supply, health system, financial sector, mining, agricultural, and manufacturing sectors (SARB, 2015).

The technological environment in South Africa is currently the most advanced in Africa and majority of SMEs in South Africa are partnerships and Limited Liability companies as compared to Ghana which is saturated with sole proprietorship while Nigeria has more public owned enterprises especially in the mining and agricultural sectors (Bawumia M. , 2010; Central Bank of Nigeria, 2016; Kganyago, 2016). In conclusion, South Africa is a rapidly growing emerging African market with a stronger and more effective governmental systems and financial resources as compared to Ghana (Dickson, Weaver, & Vozikis, 2013; Okwu, 2017). As a result, it is possible for SA to be a suitable host market for Ghana in the internationalization of its SMEs.

3. THEORETICAL FRAMEWORK

In this section, prior academic literature that is relevant in the internationalization process, an overview of environmental factors, and SMEs in Sub Sahara Africa (SSA), especially in Ghana, are used as frame of reference to give an in-depth synopsis to the research.

3.1 Internationalization Process

There are myriad definitions of internationalization from several perspectives in academic research. According to Kiran, Majumdar, & Kishore (2013), internationalization does not happen suddenly like an incident but rather is a strategic process. In agreement, Matiusinaite and Sekliuckiene (2015) define internationalization as the process where firms gradually increase their participation in international activities over time. The internationalization process is strategically planned, steadily implemented, and progressive (Barney, Ketchen, & Wright, 2011). It can be explained as a process of acclimatization for businesses into foreign economies or markets (Hilmersson, Sandberg, & Hilmersson, 2015). As discussed earlier, for the purposes of this research, Internationalization is defined as the means by which local SMEs successfully establish and sell their products and services beyond their national borders and markets into similar economic regions; in this case, the Economic Community of West African States - ECOWAS (Awuah, 2009).

The internationalization process differs from firm to firm with regards to the markets a firm enters in an industry, changes in the structures of the firm, partnerships or coordination in networks, and product adaptation on several markets (Angdal & Axelsson, 2012). It is imperative to also note that internationalization process is affected according to the respective economic regions that a firm is located in (OECD, 2004). For example, the European Union (EU), United States of America (USA), and the African Union (AU) which also have sub-regions such as the European Economic Area (EEA), North American Free Trade Agreement (NAFTA) and the Economic Community of West African States (ECOWAS) respectively (Human Development Report, 2004). Hence, firms from the EU can internationalize into markets in the AU and vice versa. There can also be inter-regional forms of internationalization where firms in the EEA can expand into similar markets located in other countries in the same sub-region (Morgan & Katsikeas, 1997). For example, Swedish companies can establish their presence in the Icelandic and Norwegian markets (Tahir & Mehmood, 2010). In this case, a firm that is in Ghana can be involved in regional internationalization when the organization successfully conducts business in other countries that are members of ECOWAS such as Nigeria and Burkina Faso (Amoako & Matlay, 2015).

Recently, it can be observed that there is a substantial increase in Internationalization of firms that is not only limited to their nearby countries but also across economic regions which is referred to as Inter-Regional Internationalization (Barney J. B., 1991). For example, in the retail industry leading brands such as Woolworths and Shoprite are called Pan-African because they are South African companies that have successfully established their products and services across all regions of Africa (Ibeh, Wilson, & Chizema, 2012). Again, Nike and Adidas, American and European brands have successfully set shop in the Ghanaian market (Kujala, 2015). In the banking and finance industry, trademarks and companies such as Deloitte, KPMG, HSBC, Barclays, Standard Chartered, Stanbic Bank, First National Bank, and Zenith Bank all from the United States, European Union, South Africa and Nigeria are now big players on the Ghanaian market (Bawumia, Owusu-Danso, & McIntyre, 2008). Whereas local banks such as UniBank, Capital Bank and GN Bank are finding it difficult to survive on their own markets (Bank of Ghana Report, 2018). It is very rare that a locally owned Ghanaian SME successfully establishes on any of the economic regions mentioned (Acheampong & Dana, 2017); that is why this study focuses on one of the few successful internationalization process attempts by a local firm.

3.2 Internationalization Theories

The Internationalization Process has also been investigated according to different theories that have been established in academic literature. In reviewing the literature with a focus on processes of internationalization, this study identified and adopts the basic ideologies behind the Resource Based View (RBV) as presented and developed by Barney (1991) to explain in detail and give an understanding of the environmental factors being examined and how they influence the internationalization process of SMEs.

3.2.1 Resource Based View (RBV)

The Resource Based View (RBV) of a firm depicts that a firm’s resource, which can be classified as unique, marketable, and profitable is a strong indicator of a firm’s survival and growth in an industry (Panda & Reddy, 2016). The authors explain that such resource can be tangible (physical capital, financial capital) or intangible (Brand value, trademark, goodwill, knowledge, and relationships). This theory helps identify and give an insight into the competitive advantage of a firm and how the firm can create, develop, and strengthen their firm-specific advantages in the international market (Barney, Ketchen, & Wright, 2011). In this instance, a firm has to possess a firm-specific advantage in terms of resources to enable a profitable and successful transfer into new markets (King & Levine, 1992; Ruiz Garcia, 2009).

Internationalization activities have need of resources (Barney J. B., 1991). The RBV considers a firm as an entity which consists of interrelated resources like technological, financial, physical, and organizational that are recognised in literature (Barney, Ketchen, & Wright, 2011; Schweizer, 2012; Johanson & Vahlne, 2009). According to Barney (1991), the RBV theory gives an insight into firms' ability to amass resources. It is further explained that the resources of a firm can either be acquired such as physical assets, technological infrastructures, human capital; or developed such as firm brand, goodwill, competitve advantage, customer relationships, and liquid capital or assets (Barney J. B., 1991; Panda & Reddy, 2016).

For a firm to have a competitive advantage, it must have in possession a sizeable amount of resources (Panda & Reddy, 2016). A remarkable finding of the RBV relevant to this research is that firms that lack adequate resources are vulnerable to take-overs and acquisitions by well-resourced companies in the internationalization process (Barney, 1991; Panda & Reddy, 2016). In addition, this theory gave several researchers the framework to understand what constitutes the resources of a firm and the impact they have on different firms and strategies (Panda & Reddy, 2016). As a result, scholars were able to explain why firms use different strategies and exhibit growth patterns which cannot be applicable to other firms (Ketkar & Zoltan, 2013; Kiran, Majumdar, & Kishore, 2013; Matiusinaite & Sekliuckiene, 2015).

Another relevant aspect of the RBV theory is the acknowledgement of the role of the actions and decisions of management which actively contributes to the arrangement, accumulation, and exploitation of the reources of a firm (Barney, Ketchen, & Wright, 2011). In addition, the RBV explores the impact of different ownership governance which directly affects the resources of a firm (Dickson, Weaver, & Vozikis, 2013). This is used to explain why firms either flourish or collapse under the different leadership and management of firm's resources which indirectly influences to the survival, growth, maturity, and decline stages of a firm in its home market or host market environments (Curtis, 2016; Kim, 2017; Yenera, Doğruoğlub, & Ergunb, 2016). For example, while some managers consider internationalization as a strategy to acquire resources for the firm, other managers see internationalization as an indicator of company growth which is measured by the existing resources owned by the firm (Barney, Ketchen, & Wright, 2011).

3.3 Home and Host Market Environments

There are various definitions of environmental factors in existing literature. This study adopts the definitive perspective by Angdal and Axelsson (2012) who explain environmental factors as the distinctive limitations within a country and between two or more countries which inhibit the capacity and control of the firm’s activities. These factors can be internal on the home market environment or external on the host market environment in Internationalization and include governmental, economic, financial, technological, and socio-cultural factors (Yenera, Doğruoğlub, & Ergunb, 2016). This term is also explained as elements that make it almost impossible for domestic markets to comprehend foreign or unfamiliar businesses (Matiusinaite & Sekliuckiene, 2015). However, several scholars also explain these environmental factors to be very influential in the internationalization process when firms are able to overcome these factors (Ketkar & Zoltan, 2013; Kim, 2017; Puljeva & Widen, 2007; Tahir & Mehmood, 2010; Yenera, Doğruoğlub, & Ergunb, 2016).

Most often, when the disparity in the environmental factors between the host market and the local SME is large, it is increasingly difficult to form new relationships or even maintain inherited ones, hence increasing the chances of a firm failing in its internationalization attempts (Barney, Ketchen, & Wright, 2011). According to Kim (2017), these environmental factors are constantly and rapidly changing and are the basic conditions which trigger business risk and uncertainty. Hence, firms need more indispensable resources and competencies to prevail in foreign market environments when they encounter unfamiliar systems, particularly in unstable home or host market environmental factors (Dever, 2013; Rahman, Uddin, & Lodorfos, 2017).

3.3.1 Governmental Factor

The governmental, political, and legal environmental factors are important factors to consider in the internationalization of SMEs because these firms are part of an environment and are affected by the policies, laws, and decisions made by governmental institutions who serve as supervising bodies in almost every industry (Quartey, Aidam, & Obeng, 2006; Agndal & Axelsson, 2012). According to academic literature, the governments oversee the passing and implementation of taxation policies, import and export restrictions, international trade policies, and several other laws that affect the business environment (Awuah & Mohamed, 2011; Asiedu, 2013; Curtis, 2016). Some decisions of the government and its institutions can result in political instability which may affect the operations of numerous companies in the country, however, it is most likely that local SMEs will suffer the most (Hilmersson, Sandberg, & Hilmersson, 2015).

The government is a factor that can easily be a strong and effective catalyst for the successful internationalization of firms (Ciravegna, Lopez, & Kundu, 2014; He, 2011) or a factor that can effortlessly limit firms on the home market from expanding into foreign markets due to tight and unfavourable business and trade policies (Awuah & Mohamed, 2011; Kunday & Sengüler, 2015; Shamsuddoha, Yunus Ali, & N., 2009). For instance, most financial SMEs in Sub Saharan Africa are supervised by their Central Banks and must abide by the rules and regulations that are passed by this institution (International Finance Corporation , 2011). In Ghana, both local and foreign banks are treated equally by governmental policies despite the superiority of the foreign banks in terms of resources (Bawumia, 2010; Bank of Ghana , 2018), which puts the local banks at a disadvantage on both the home and host markets (Acheampong & Dana, 2017). On the other hand, local banks in Nigeria and South Africa enjoy enormous support from their governments and as such they are able to thrive and expand into foreign markets which includes Ghana (Ibeh, Wilson, & Chizema, 2012).

According to Rahman, Uddin, and Lodorfos (2017), governmental influence on and interventions in the business environment vary from country to country. For example, the United States is a country that practices free market while in China the government has a lot of control on their business environments and as such the effects on how businesses operate may be different (He, 2011). Ibeh, Wilson, and Chizema (2012) assert that some host nations are very accommodating of foreign companies while some countries are not so welcoming depending on the kind of laws and policies that govern the countries. Some governments take the stance to protect their local business while others leave their local firms to survive the competition from foreign companies in their respective industries (Quartey, Aidam, & Obeng, 2006).

3.3.2 Economic Factor

According to Ketkar and Zoltan (2013), the economic environment is represented in the factors that impact the consumers and businesses' buying behaviour; and most of the time, these factors cannot be controlled by the companies. The factors can be divided into two main categories: Macro and Micro factors (Ruiz Garcia, 2009). Some examples of the Macro factors are interest rates, currency exchange rates, consumer confidence levels and recessions (Bawumia, 2010). The Micro factors include the size of the available market, competition, quality of suppliers, and the demand for the firm's services (Bawumia, 2010). Currency exchange rates in emerging economies like Ghana are not always very stable and this sometimes has an impact in the everyday transactions of SMEs both internally and externally (Bawumia, Owusu-Danso, & McIntyre, 2008). Consequently, the cost of expanding into foreign markets becomes very expensive for local firms to afford which in turn becomes a challenging factor when local firms attempt to take advantage of internationalization opportunities (Awuah & Mohamed, 2011).

The economic environment can also be attributed to the level of integration that a country has with international organizations such as the World Bank, International Monetary Fund (IMF) and how this relationship affects the country and its internal and external business activities (Claessens, 2006; Acheampong & Dana, 2017). Other economic integrations could be identified in organizations such as ECOWAS in the case of Africa or NAFTA in the case of North America (Human Development Report, 2004). If the countries agree to the trade liberalization agreements of these organizations, the influence of the economic environment on SMEs is expected to be increased (Awuah & Mohamed, 2011).

New industrialized economies, as in the case of most developing countries, tend to be unstable because the countries experience highs and lows in their economy and these countries are also considered to be transitional economies (Awuah, 2009; Ciravegna, Lopez, & Kundu, 2014). Consequently, SMEs will need to constantly monitor the economic activities of both the local and the host markets (Hilmersson, Sandberg, & Hilmersson, 2015). Economic environmental factors that have a notable impact on the internationalization of SMEs can be present between different countries and also in the same states/regions of one country (Agndal & Axelsson, 2012). As a result, SMEs should determine the location with the most favourable economic environment to start operations (Puljeva & Widen, 2007).

3.3.3 Financial Factor

It has been established by multiple studies that financial sector growth has a stupendous effect on the economic growth of nations which can be achieved by the growth and expansion of local SMEs through internationalization (Hinson, 2001; Awuah, 2009; He, 2011; Matiusinaite & Sekliuckiene, 2015). The internationalization process has been considered as a time-consuming and expensive undertaking for SMEs particularly those in developing economies (Kim, 2017).

As a result, local firms could begin international expansion only after achieving strong growth and building up ample quality resources in their home markets (Schweizer, 2012). However, it is often seen in most developing economies that the provision of financial services and assistance is often inclined towards wealthier individuals or large enterprises with higher quality assets for collateral (Claessens, 2006; Akimana, 2017). The importance of the development of domestic SMEs including the banking and capital sectors in emerging markets is crucial to develop stronger economies that will enable SMEs grow and expand in both their home and foreign markets (Bank of Ghana, 2018; King & Levine, 1992; Wineaster, 2011).

Dercon, Bold, and Calvo (2006) emphasized that the access to financial services among SMEs increases the firm's ability of purchasing power, the accumulation of assets, and the generation of expansion and internationalization activities. With this being said, most central banks in developing economies are doing their best to reach more local SMEs and make them participants of the financial services to give them the necessary capital injection so that they can remain competitive in the market (Curtis, 2016; Ibeh, Wilson, & Chizema, 2012). Some developing countries use monetary and fiscal policies as incentives to encourage financial institutions to attend to domestic SMEs and make available a wider range of services and more accessible capital acquisition and in-flows across their economies (Mpuga, 2004; Bank of Ghana, 2018). According to Ketkar and Zoltan (2013), some SMEs find their potential host markets too expensive and as such unfavourable conditions in their domestic financial environments impede their internationalization activities.

3.3.4 Technological Factor

The use of technology plays a key role in the internationalization process of SMEs (OECD, 2004; Human Development Report, 2004). Advanced globalization has been a main driver of making information and communication technology (ICT) more accessible and has given SMEs more prospects in international markets (Chaffey, 2004; Dutta, Lanvin, & Paua, 2004; Kim, 2017). Nonetheless, there is a huge gap between developed countries where the use of information and communication technology (ICTs) is well advanced and developing countries that are recently assimilating their economies with the use of ICTs (Kiran, Majumdar, & Kishore, 2013). For example, according to numbers from Global E-readiness Index (2005), Denmark which is a developed economy, was ranked number one as the country with most access to internet, higher internet use per capita, with internet penetration around 90%. On the other hand, Ghana, a developing economy, recorded an internet penetration that was less than 2% in the early 2000s. In this instance, it will be more difficult for an SME in an emerging economy like Ghana to expand into a more developed economy or host market environment with the comparative advantage of technological assets and know-how (Kim, 2017).

Several researchers agree that country-wide internet access is required to boost the use of ICTs which will increase the chances of access to information on foreign markets, promote efficient use of market knowledge and increase the competitive advantage of local SMEs to enable expansion and growth (Hinson 2001; Kiran, Majumdar, & Kishore, 2013; Matiusinaite & Sekliuckiene, 2015). According to Barney, Ketchen, and Wright (2011), technological resources and capability is regarded as the foundation of a firm's competitive advantage since this knowledge and technical know-how are priceless and difficult for competitors to duplicate. Academic literature shows that SMEs in advanced technological knowledge environments possess an essential resource which is imperative for achieving significant results in their international business operations (Akimana, 2017; Dutta, Lanvin, & Paua, 2004; Lal, 2004).

Technological resources are the foundation to improve the competitive advantages of SMEs by giving the firms the capability to offer innovative products and services, gaining the acceptance of a target market, and engaging customers, therefore acquiring superior performance on new markets (Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012). It has been observed in developed nations that the spreading of internet connectivity in a country allows the adoption of ICT by SMEs which eventually pushes them to considerable growth and even further to a possible internationalization (Lan, 2004). Hence, domestic SMEs in emerging markets have pressing need for more exposure and access to high technologies to enable them stay relevant and competitive in the global market (Ciravegna, Lopez, & Kundu, 2014; Ojala & Tyrväinen, 2009).

3.3.5 Socio Cultural Factor

Culture refers to a set of traditional values and norms of groups such as countries, organizations, societies, and people (Agndal & Axelsson, 2012). There are different ways in which these groups conduct their activities depending on the kind of society or environment they are established (Puljeva & Widen, 2007). This includes beliefs, values, and norms which are sometimes adopted and evolve into binding laws, morals, habits, language, religion, and rate of knowledge acquisition (Felício, Caldeirinha, Rodrigues, & Kyvik, 2013). It is very time consuming to effect changes in the culture at the national and organizational level and this is at the core of the effect that socio cultural environment has on the internationalization of SMEs (Ketkar & Zoltan, 2013; Müjdelen, Barış, & Sinem, 2016; Acheampong & Léo-Paul, 2017).

According to Hall (1976), national culture can be differentiated into High and Low Context Cultures. High Context culture refers to the environments where the following attributes are common: group thinking, high importance placed on personal relations, less regards for punctuality, frequent body contact during communications, and individuals have very little personal space (Hall, 1976; Felício, Meidutė, & Kyvik, 2016). This kind of high context cultures can be identified mostly with some developing markets in Africa and Asia (He, 2011; Ibeh, Wilson, & Chizema, 2012; Zhang, 2015). On the other hand, Low context cultures which have high levels of individualism and personal space during interactions, and practice more codified and guided forms of communication can be identified with some countries in Europe and the United States (Felício, Caldeirinha, Rodrigues, & Kyvik, 2013).

SMEs from emerging markets can gain high prospects to internationalize in foreign markets where the foundations of business cultures are built on the trustworthiness and social relationships between firms (Felício, Meidutė, & Kyvik, 2016). During internationalization, when an SME from a low context culture ventures into a high context culture, the firm struggles to settle in the foreign environment (Ketkar & Zoltan, 2013). It may take years for the foreign SME to enter and establish into the host market and vice versa (Mupemhi, Duve, & Mupemhi, 2013). Hence, it is relatively easier for domestic SMEs to enter host markets that they share similar cultural context with and more difficult and time consuming to enter foreign markets with huge disparities in the socio-cultural environments (Dickson, Weaver, & Vozikis, 2013)

3.4 SMEs and Internationalization

Internationalization is considered as an essential growth and expansion strategy for domestic SMEs whose business operations have been geographically limited (Kunday & Sengüler, 2015). SMEs are recently being active in their operations in foreign markets due to trade liberalizations and competitive pressures from international firms (Asiedu, 2013). Empirical studies depict that the most notable factors that influence the internationalization of SMEs are the home and host market environments and firm resources (Barney, Ketchen, & Wright, 2011; He, 2011; Dever, 2013; Kim, 2017).

Most SMEs in the manufacturing industries and agricultural sector commonly engage in exportation as the initial and sole means of internationalization (Ibeh, Wilson, & Chizema, 2012). SMEs in the retail industry mostly engage in contractual agreements such as franchising and licensing Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012). Most SMEs in the service sector such as banking and finance tend to enter new markets through Foreign Direct Investments (FDI), strategic mergers and acquisitions, and foreign subsidiaries (Kiran, Majumdar, & Kishore, 2013). For SMEs in emerging economies, the traditional means of internationalization which is exportation is still prevalent in their manufacturing industries while their service sectors often engage in mergers and acquisitions due to the lack of resources (Panda & Reddy, 2016). Although local SMEs struggle to maintain their share of their domestic market, they are a dominant source of employment or job creation and growth in the developing economy (Hinson, 2001; Awuah, 2009). However, they are not fully represented on the frontiers of the international economy in relation to their significant contributions in their respective local and national economies (OECD, 2004; Bawumia et al., 2008).

In as much as SMEs are subject and exposed to most renowned international forms of business practice, higher grades of technology and knowledge through the competitive pressures of the international trading environment, many factors hinder their efforts to be at par with their more developed foreign competitors (Mupemhi, Duve, & Mupemhi, 2013). In agreement, Ibeh, Wilson, and Chizema, (2012) assert that a prime problem for developing SMEs at the international level as a result of their size is the low rate of resource acquisition and maintenance. Furthermore, it is explained that the internationalization process frequently requires the development of new technology, information systems, and products or services which involves a significant resource input which SMEs from emerging markets supposedly cannot afford (Ciravegna, Lopez, & Kundu, 2014; Müjdelen, Barış, & Sinem, 2016).

Foreign firms are able to lay a stronghold on and protect their domestic markets while maintaining an upper hand in their international activities as compared to local SMEs (Human Development Report, 2004). This can be attributed to insufficient financial resources, outdated technology and lack of international market knowledge which renders these domestic firms uncompetitive on their own markets (Asiedu, 2013; Quartey, Aidam, & Obeng, 2006). As a result, they are unable to engage in any form of internationalization process as theorized in the Resource Based View (RBV) theory in internationalization (Barney, Ketchen, & Wright, 2011). However, despite all these challenges and hindrances, a handful of local firms are able to thrive on their domestic markets and expand into foreign host markets (Blankson, Ketron, & Darmoe, 2017). As a result, this study explains the role of environmental factors behind the success of a domestic firm that has been able to survive on the home market and successfully entered foreign host markets irrespective of the limitations that these environmental factors place on both their internal and external business activities.

3.5 Resource Based View (RBV) and Market Environments

There is scant research on the environmental factors that influence internationalization of SMEs (Akimana, 2017; Dever, 2013). A significant number of prior researches which analyses the factors influencing the international expansion of SMEs tend to be skewed towards manufacturing firms who mostly engage in exporting (Shamsuddoha, Yunus Ali, & N., 2009; Ruzzier, Hisrich, & Antoncic, 2006; Mupemhi, Duve, & Mupemhi, 2013). It has been observed in modern empirical study in RBV that a firm’s survival and growth stems from its ability to maintain a balance between the management of existing resources and the build-up of new resources (Tahir & Mehmood, 2010; Müjdelen, Barış, & Sinem, 2016).

The firm’s ability to manage and develop these resources heavily depends on the environment in which the firm operates in its home country and the kind of environment that its foreign target market is established in (Barney, Ketchen, & Wright, 2011; Curtis, 2016; Blankson, Ketron, & Darmoe, 2017). These environmental factors can either give the firm a competitive advantage or be a major hindrance in its internationalization activities (Kiran, Majumdar, & Kishore, 2013; Panda & Reddy, 2016). The volume and quality of resources that a firm possesses is directly linked to the degree which both home and host market environmental factors influence their business activities (Morgan & Katsikeas, 1997; Puljeva & Widen, 2007).

Hence, a relationship between firm-resources and its ability to internationalize successfully is developed and explains why domestic SMEs either find it difficult to penetrate foreign markets and why it is relatively easier for foreign SMEs to compete on the domestic front (Barney, Ketchen, & Wright, 2011; Panda & Reddy, 2016). Thus, firm resources such as financial capital or assets and physical capital such as technological equipment and software as well as brand value and customer base in the Resource Based View (RBV) give local SMEs the ability to access new markets, absorb surplus production output, maximise resource productivity and increase competitive advantage depending on both the home and target market environments (Panda & Reddy, 2016). Hence, this study focuses on how environmental factors influence the internationalization of SMEs in emerging markets from the Resource Based View (RBV) perspective as depicted in ***Figure 3.1*** below:

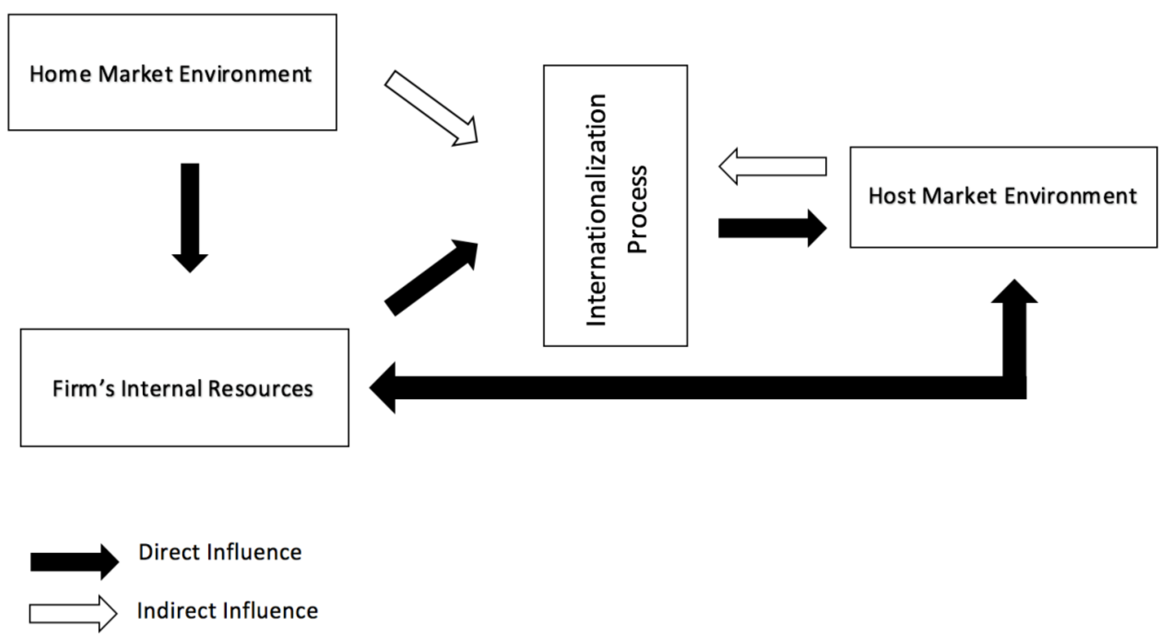

Figure 3.1 *Framework of Reference*

As shown in ***Figure 3.1*** above, the reflection of the theoretical framework which has been summarised from the literature review above is used to give more structure to the discussion of empirical findings in chapter 5. This framework depicts the relationship between the Resource Based View (RBV) theory and environmental factors and how they influence the internationalization process of SMEs. The RBV theory is used to explain how a firm's internal resources are affected by the home market environment they operate in and their target host market environment (Barney, Ketchen, & Wright, 2011). These home and host markets also consist of environmental factors such as governmental, economic, and socio-cultural factors which influence the firm's resources such as the financial and technological resources (Panda & Reddy, 2016); which in turn determines the strength of a firm's competitive advantage as theorised in the RBV (Barney J. B., 1991).

Hence, ***Figure 3.1*** portrays that the internationalization process of SMEs is directly influenced by a firm's internal resources which include competitive advantage, and these resources are directly influenced by the home and host market environments as discussed in *section 3.5*. Thus, the internationalization process is indirectly influenced by the environmental factors in both the home and host markets. For instance, Bank A in Country A decides to internationalize into Country B. The firm's internal resources may be more than adequate for the internationalization move. However, social-cultural factors like cultural values and historical differences could hamper the internationalization process into Country B without necessarily affecting the internal resources of Bank A. On the other hand, the same socio-cultural factors could cause shareholders and customers who make the bulk of existing resources for Bank A in Country A to revolt in protest over the internationalization. In this case, bank A's resources could be affected even though its internationalization efforts into Country B would have been successful. Another example can be cited using governmental factors where the government of a home market may explicitly forbid internalization efforts into a particular country for political reasons (E.g. The ban on American companies from transactions with Iran). In some cases, such as China, the host market could demand certain conditions which could hamper internationalization efforts while not directly affecting the company's internal resources. This interplay of direct and indirect influences of both home and host markets on the firm's internal resources and its internationalization processes is entailed in the theory of RBV as shown in ***Figure 3.1***.

4. RESEARCH METHODOLOGY

In this chapter the methodological design for this research is presented and a discussion of the research paradigm, approach, strategy, type of data, sampling technique, and methods of data analysis is offered. The research is structured according to the proposed theoretical framework.

4.1 Research Approach

In this section, there is a synopsis of the researchers' procedures of collecting, understanding, and analysing empirical data with the application of explicit methods and techniques and the ultimate goal of achieving the research purpose and answering the research question. As a part of the research design, the research approach gives a general overview of how key components of the study such as the entity to be studied, the selection process of the participants in the study, and the kind of data or information that will be collected about or from these entities (Yin, 2014). The researchers' strategy for soliciting for and acquiring data also forms an integral part of the research design (McGehee, 2012) which is later discussed in the sections that follow along with the research method chosen and how qualitative content was derived and interpreted.

4.1.1 Qualitative Method

A qualitative research approach gives researchers the opportunity to gain a thorough understanding and a broad outlook of a selected development within a specified context (Saunders, Lewis, & Thornhill, 2016). Qualitative content is usually obtained when the research aims at answering questions that ask the "why" and "how" behind a phenomenon which is suitable for this study (Saunders, Lewis, & Thornhill, 2016; Tracy, 2013). This method is also very crucial in the comprehension and assessment of the viewpoints of third parties involved in the study (Flick, Kardorff, & Steinke, 2004).

Given the research aim and question of this project, an interpretive philosophy which is usually identified with qualitative research methodology was applied (Saunders, Lewis, & Thornhill, 2016). This is because the researchers needed to establish familiarity, gain access to information and get in-depth understanding, while drawing meaning from the abstract and socially constructed messages declared about the phenomenon under study (Tracy, 2013). This was done by reaching out to the prospective SME to be studied, getting in touch with employees and management to seek approval and support for the project, getting access to relevant individuals and documents to aid in the data collection process.

The study adopted the abductive approach to research because researchers made both inductive inferences derived from the analysis and deductive connotations that will be proved while recurring constantly throughout the research (Saunders, Lewis, & Thornhill, 2016). This approach gave researchers the ability to go back and forth between theories and empirical sources of data as the study progressed (Flick, Kardorff, & Steinke, 2004). This is because in fulfilling the research aim, researchers made relations to the Resource Based View (RBV) theory in internationalization from their results analysis and also made inductive inferences from all information collected during the research process to get a comprehensive understanding of the phenomenon being studied and make notable contributions to existing research.

The nature of the research was both descriptive of the phenomenon and explanatory of the data/results recorded to enable researchers identify and extract noteworthy and implicit information to give rich meaning to findings (Saunders, Lewis, & Thornhill, 2016). This means that researchers attempted to explain the environmental factors that influence the internationalization process of financial SMEs in Ghana in relation to the research question and aim.

4.2 Research Strategy

This section shows the plan of how the research questions in this study will be answered. To fulfil the purpose of this research, the researchers adopted the use of a cross-sectional case study to explain the different aspects of the topic being studied within the emerging market context (Saunders, Lewis, & Thornhill, 2016).

4.2.1 Case Study

A case study is a suitable strategy for this research because '*it has the capacity to generate insights from intensive and in-depth research into the study of the selected phenomenon in a real-life context, leading to rich, empirical explanations'* (Saunders, Lewis, & Thornhill, 2016 :187). Case studies are mostly utilized to answer research questions that are posed with 'how' or 'why', when the researchers have limited control over the study processes, and when the aim of the research study is on an existing phenomenon within an ongoing context (Yin, 2014). This is because the firm under study has been able to internationalize from their home market and such will be suitable to give insight into the environmental factors that influenced their internationalization processes (Saunders et al., 2016).

Single Case Study:

The researchers made a critical decision to include one choice of organizational entity to be studied also referred to as single case study, instead of two or more entities which constitutes a multiple case study (Cassell & Symon, 2004). A single case study was chosen because the chosen object of study represents '*a unique case that provides researchers with the opportunity to analyse the phenomenon being studied that few have considered before'* (Saunders, Lewis, & Thornhill, 2016 : 186).

A suitable case for this study is an SME in the financial sector which has been established by Ghanaians in Ghana and has attempted to expand to foreign markets. For this research paper, a suitable case was found in 'Figures Ltd', a financial SME in Ghana with a unique case in the internationalization processes. This firm provided the researchers with the chance to make in-depth inquiries designed to identify the environmental factors that influenced their internationalization processes and how they affected the firm's process.

4.2.2. Brief History of the Case Firm

This case is a SME in the financial sector in Ghana. For the purposes of anonymity and to protect the reputation of the company, it will be referred to as 'Figures Ltd' throughout the research paper. The case of 'Figures Ltd' as a SME from a developing market, that has experienced both success and failure in its internationalization process, questions the assertion in some academic literature that SMEs have no need to internalize to remain competitive (Clercq, Sapienza, & Hans, 2005) and that SMEs in developing economies do not internationalize due to constraints in their home markets (Sveinung, Grünfeld, & Green, 2010; Dever, 2013). This is because it was able to grow and internationalise despite the impeding factors on both the home and foreign markets.

'Figures Ltd' is a wholly owned Ghanaian financial SME that commenced business in 1997 as a Non-Bank Financial Institution (NBFI) with five employees. Ten years after operations, 'Figures Ltd' achieved its first major expansion move by acquiring another financial SME in Ghana because it had grown stronger on the national market. The company has established over twenty branches across Ghana in its twenty years of existence with a financial position of US$350 million after fourteen years, a workforce of approximately six hundred and a shareholder's equity of US$30 million (Bank of Ghana, 2018) but is still considered as a SME according to the classification of SMEs as illustrated in *section 1.4* and in ***Tables 1.1*** and ***1.2***. In 2008, the company had the vision to internationalize into ten other African countries by the end of 2013 and become a global financial SME in subsequent years (Interviewee A, Cluster Manager, April 2018). Due to its growing strengths and popularity, 'Figures Ltd' acquired subsidiaries in Nigeria and South Africa which became its first successful regional and inter-regional internationalization move respectively in the span of three years.

A year after their successful entry onto the Nigerian and South African markets, 'Figures Ltd' expressed interest in the markets of Zambia, Sierra Leone, and Zimbabwe and made the attempt to establish on these markets ('Figures Ltd' Annual Report, 2013). What makes this case very unique is that, in theory, it is generally accepted that most SMEs fail in their initial attempts to internationalize and succeed subsequently (He, 2011; Ibeh, Wilson, & Chizema, 2012; Matiusinaite & Sekliuckiene, 2015). On the contrary, 'Figures Ltd' was successful on their first two attempts and have instead been stalled in their subsequent attempts to the latter three markets. Economic experts suggested that there are perhaps, home and host market environmental factors that contributed to this unusual turn of events for 'Figures Ltd' (Blankson, Ketron, & Darmoe, 2017). And these suggestions that host and home market environments influenced the internationalization process of 'Figures Ltd' were confirmed during this study as explained in *Chapter 5*. However, it was also found that some environmental factors had more influence on the home market and others had more influence on the host markets as well as the firm's internal resources during the internationalization process.

The above mentioned possibilities created by the case of 'Figures Ltd', makes it a proper case for this paper as it represents a domestic SME financial firm from an emerging market that was able to expand into other foreign markets to enable the researchers to answer the research questions and fulfil the aim of the study.

4.3 Research Ethics

The research ethics is the practice which helps researchers to avoid malpractice, poor practice and misunderstandings in the research process and there are several categories of ethical codes that have been recognized (Saunders, Lewis, & Thornhill, 2016). Some of those ethical codes that can be applied to this research project are: the right of privacy of the company and those taking part of the interviews during this research. To ensure privacy, researchers keep personal information of participants confidential, therefore, only position in the company and years of experience will be mentioned on the interview transcripts; and to protect the privacy of the company under investigation, we referred to it as ‘Figures Ltd’.

The interview was a voluntary participation and there was a right to withdraw from the interview process if participants chose to do so. They were given the option not to answer questions and they were not harassed to participate in the interview (Saunders, Lewis, & Thornhill, 2016). Researchers ensured responsibility in the analysis of primary data. For example, while gathering primary data, researchers did not modify results and the findings were reported accurately; as such, the sources were clearly provided according to references standards provided by the American Psychological Association (APA) Sixth edition. Finally, all the collected data were used and managed only by the authors of this research in order to provide reliable and relevant information to the readers (Yin, 2014).

4.4 Data Collection Process

Primary Data:

For this study, primary data were collected by the conduction of semi-structured interviews and the request for financial statements, annual reports and correspondent records with clients and partners. Semi-structured interviews were conducted with selected respondents, who are employees in managerial positions and have worked for eight years and five years in the organization. This is because the researchers believe that these employees had more information about the processes of the company under study and could adequately give answers to probing interview questions with their wealth of information and experiences (Tracy, 2012).

In relation to the nature of the research, the interviews were conducted with the aim to get an explanation of the general aspects of the idea that the researchers are interested in and to assist researchers to thematically evaluate the data collected about the phenomenon to be studied (McGehee, 2012). There was an interview guide which contained a list of open-ended questions that were asked by the researchers depending on the flow of the conversation or interview (Saunders, Lewis, & Thornhill, 2016).

The researchers acknowledge that, there were some additional questions that were asked from the ensuing conversation to help fully explore the data being uncovered through the interviews (McGehee, 2012). The researchers discussed and arranged the most suitable time with the interviewee to ensure that they were not hurried or uncomfortable during the process (Tracy, 2013).

Table 4.1 *List of interviewees, positions, dates, and medium of communication*

Stages	Respondent	Position	Communication	Date
Briefing	Interviewee A	Cluster Manager	Phone Call	March 31, 2018
	Interviewee B	COO	Email	April 26, 2018
Video Interviews	Interviewee A	Cluster Manager	Skype	April 13, 2018
	Interviewee B	COO	Skype	May 6, 2018
Feedback Meeting	Interviewee A	Cluster Manager	Phone call/Email	May 15, 2018
	Interviewee B	COO	Email/Text Message	May 11, 2018
Feedback Meeting	Interviewee A	Cluster Manager	Phone call/Skype	May 22, 2018
	Interviewee B	COO	Phone call/Email	

Interview Tool:

The interview was conducted using an internet-related video call platform called Skype, because it was the most convenient tool in this circumstance and it helped to save traveling expenses and time considering the location of the company and the interviewees. The interviews were audio recorded with prior permission from the respondents to help the researchers do an extensive analysis of their answers, facial expressions, and body gestures. The responses of interviewees were primarily based on their own experiences, behaviours, and motivations (Tracy, 2013), which were later transcribed for further analysis.

The interviews were conducted by the researchers separately with the respondents and the interviews were also scheduled in that regard so that data collected can be compared and research quality can be improved (Saunders, Lewis, & Thornhill, 2016). This is because, the research questions were divided into two parts; the first part consisted of five questions and was concentrated on the home market which is Ghana. The second part consisted of six questions and was focused on the host markets of the firm. The researchers' goal was to be able to answer all our research questions and fulfil the aim of our research.

Research Questions:
The questions asked during the interview process were planned to help researchers to answer the research question of this paper which is: *'how do environmental factors influence the internationalization process of SMEs in an emerging African market?'*

The questions were divided into two sections, home and host markets, with the purpose of helping the researchers to have a clear understanding of the environmental factors that influence the resources and the internationalization process of the firm from the independent perspective of the home and host markets. The questions were open-ended to allow to the participants to talk freely and share their perceptions and experiences. The questions and format remain the same for the participants.

It was realised that the interviewee with the higher management position gave a richer and more detailed feedback and responses to the questions asked. This is due to their level of exposure and access to the information regarding the internationalization process of the firm. Below are some examples of the questions asked by the researchers to get an in-depth understanding on the environmental factors that influence the internationalization of SMEs from the home market point of view:

- Why did your company find the need to internationalize?
- How did the company expand from its home country and into a country not only in a similar region such as Nigeria, but also across regions to South Africa?
- Which factor or factors in your home market helped the company's Internationalization process?

The next questions are examples from the host market section which were asked with the aim of getting information that will enable researchers to gain in-depth understanding on the influence of environmental factors on internationalization process in the emerging African market.

- Which foreign market did the company enter first? Why this market?
- What difficulties or challenges did the company face during this first attempt to internationalize?

The answers collected by the researchers after the interview process provided reliable data to enable the researchers to discuss an in-depth understand explain how environmental factors influence the internationalization process. In ***chapter 5***, a discussion of the answers are presented, pointing out how the environmental factors influence the internationalization process of 'Figures Ltd' on each market environment. To see the complete list of questions please *see Appendix 1b.*

Secondary Data:

For the purposes of this research, data that were originally gathered for other reasons and goals which are known as secondary data were collected (Saunders, Lewis, & Thornhill, 2016). These data after being obtained were further analysed to provide additional knowledge which confirmed, supported or in some instances gave a contradictory conclusion after being interpreted by researchers (Tracy, 2013). In this paper, secondary data collected were used mainly as a credibility check for the primary data gathered through interviews in the form of triangulation to enable researchers avoid misinterpretations of responses from interviewees (Saunders, Lewis, & Thornhill, 2016).

Although some organizations gather and reserve large volume of data to manage their daily activities and operations in the form of minutes, memos, and copies of letters, others engage in surveys and publish statistics that cover demographic, social, and economic events or topics (Cassell & Symon, 2004; Saunders, Lewis, & Thornhill, 2016). It is to be noted however that where the available appropriate secondary data available are limited, as in the case of this study, researchers relied mainly on the primary data that were collected through interviews (Saunders, Lewis, & Thornhill, 2016). The source of the secondary data that were collected and used for the purposes of this research are mentioned and explained below:

Text and Non-Text Documents:

These types of data are explained as data that are stored physically and digitally as knowledge and evidence which are reanalysed for an objective contrary to the reason for their initial collection; such data also allows for transposition of information over different periods of time (Saunders, Lewis, & Thornhill, 2016). These text and non- text documents gathered from 'Figures Ltd' were accessed online in the form of Annual Reports to shareholders spanning seven years between 2011 and 2018. Text of their official web pages were also collected and analysed as well as newspaper articles, and a few administrative and public records such as their balance sheets and income statements that were available in their online portal of their official website in the form of pdf documents.

Non-text documents that were assessed included television and radio news recordings that were focused on the internal expansion and internationalization process of the case firm. Most of these documents were downloaded from online databases of the company and marketing campaign videos were accessed from the social media accounts of the company, after which researchers engaged in data reduction process to support the qualitative analysis of information gathered. This information were later used to give a clear description of the position of ‘Figures Ltd’ as a SME in an emerging market and also used in the justification of why this firm was selected as a suitable case study for the purposes of this research. This data reduction was done by transcribing spoken words in recordings and further analysing them as texts (Saunders, Lewis, & Thornhill, 2016). Some of the information gathered from these documents also served as a confirmation of the responses given by interviewees and enabled researchers make more informed interpretations of the primary data that were collected.

Multiple Source Data:

This refers to the kind of data sets that have been combined to create a different type of data before researchers gained access to them (Saunders, Lewis, & Thornhill, 2016). This included a compilation of information on ‘Figures Ltd’ archived in databases online in the Business and Financial Times News Corporation in Ghana which contains comparable financial data of most public and private Ghanaian companies in the banking sector. This helped researchers trace the growth pattern of ‘Figures Ltd’ and other relevant companies over a long period of time and to assist in the deduction of the current business activities and trends based on historical information and to compare the suitability of ‘Figures Ltd’ as a relevant case study. Other data were also collected from the Ghana Banking Survey reports made available by the Ghana Association of Bankers and the Ghana Association of Auditors such as PwC Ghana.

Furthermore, data was also collected from national governments archives pertaining to the banking industry of Ghana, Nigeria and South Africa. These data collected were also in the form of pdf documents and journals which included Monetary Policy and Annual Industry and Economic reports from institutions such as the Central Banks of the home and host countries under study. The analysis of these data sets led to some discoveries that were mostly consistent with the research premise and a few discoveries that contradicted some prior knowledge about SMEs in emerging markets especially on how environmental factors are not always restrictive factors in the internationalization process.

4.4.1 Sampling Technique

The case to be studied and the interviewees were selected through purposive sampling, a form of non-probability sampling, to enable researchers use their own judgement and discretion to select the most qualified cases in relation to the research questions needed to be answered (Cassell & Symon, 2004). Homogeneous sampling technique was used to recruit the most suitable interviewees in the position to give detailed information and answers to adequately address the research question as stated earlier.

In accordance with the research aim, the participants selected were in management and top management positions and have five and eight years of experience respectively. These candidates were perceived to be the ones who were going to contribute the most to the data collection with their relatively high exposure to managerial decision-making for the company. The participant was selected using old and newly developed contacts of one of the researchers who was an employee in the financial industry in Ghana. For the interviewers' convenience, all the interviews were recorded with the previous authorization from the participants.

4.4.2 Research and Data Quality

To guarantee unfailing, relevant and valid research and data quality, the researchers ensured that all the data collected from the firm being studied originated from an official source such as employees working for the company. In addition, articles, journals and reports chosen fulfilled the academic criteria and were current to increase the reliability of all the secondary data used in this study (Flick, Kardorff, & Steinke, 2004).

To ensure useful and relevant material the primary data collected such as the video call interviews, were previously prepared with key questions to give the chance to the interview participants to reply with broad answers and not limit them to mono-syllable replies but also to share their own thoughts and opinions (Tracy, 2013). After reaching data saturation in the interviews, the information provided were transcribed and carefully analysed and compared with the existing theory to find out problems and suggest alternatives for change based on solid arguments which will be supported with previous empirical studies (Saunders, Lewis, & Thornhill, 2016).

Triangulation:

To improve the validity and authenticity of the research data, analysis, and interpretation, researchers solicited for secondary data in the form of annual reports, marketing brochures, and news articles from the company website (Saunders et al., 2016). This secondary data was used to compare with the primary data collected from the interviews conducted and to help assess the credibility of information gathered from the respondents.

Participant Validation:

After interviews were recorded and transcribed, the data was returned to respondents to enable them check the accuracy of the transcriptions (Saunders et al., 2016). They were encouraged to comment and make any corrections in order to avoid misrepresentation of information. It is to be noted that participants did not withdraw any information, but rather focused on a few corrections and gave further suggestions as to information that they felt had been left out as shown in *Table 4.1* Researchers were in constant contact with the respondents until the final draft of the work was presented because of follow up questions from the researchers.

4.4.3 Method of Data Analysis

This sub-section explains how qualitative content was derived from data collected and interpreted to fulfil the aim of the study. The method of data analysis applied in this paper consists of two steps which the authors considered were the most suitable for this research due to the nature of the research: Transcription and Coding. Analyses of the interviews were conducted because they consist of the respondents' opinions and their own perceptions (Saunders et al 2016).

The researchers adopted thematic analysis where they identified patterns, themes and relationships by applying analytical and critical thinking skills during the interpretation of data collected by looking out for word or phrase repetitions used by respondents (McGehee, 2012). During the planned video face-to-face interviews, body gestures were captured and analysed which helped to evaluate the interviewee's underlying experiences through non-verbal communication in their reactions to certain questions (McGehee, 2012).

In addition, data collected were compared with secondary data such as annual reports and news articles that were accessed from the company website for a thorough discussion on similarities and differences in the data sets and were also linked to the established Resource Based View (RBV) internationalization theory.

Thematic Analysis:

According to Saunders et al., (2016), the importance of the approach to data analysis is to search for and identify themes, or patterns that occur across a data set such as interviews or documents through coding. *"This method of analysis is useful in integrating related data drawn from transcripts and notes, to produce a thematic description of data, to develop and test explanations and theories based on relevant thematic patterns and to draw and verify conclusions"* (Saunders et al., 2016: pp 579). The researchers used thematic analysis because it is suitable for the abductive approach used in this paper. As such, the themes on environmental factors were derived from theory of RBV in a deductive approach. After running transcripts through coding software, NVivo, some other recurring themes were identified in an inductive way from the transcribed data through coding; however, researchers did not modify their research questions but rather used the generated themes in analysis and discussion of the results.

Coding:

Coding is used to classify data that have related meanings with labels (Saunders et al., 2016). This is an imperative way of managing data for easy rearrangement and retrieval and helps in the analysis of collected data. According to Saunders et al., (2016), coding could prove a bit of a problem in purely inductive or deductive approaches. This is what made it a suitable method of analysis since initial codes, also known as 'a priori' codes, were derived from themes in the data based on an existing theory. Furthermore, new codes, also referred to as 'in vivo' codes were formulated based on repetitive ideas that were identified from terms used in respondents' transcribed data (Saunders et al., 2016). These codes are then used to create themes that identify relationships in the transcribed data set. For ensure richness of data analysis, researchers adopted the use of NVivo for the thematic analysis and discussions of empirical findings.

NVivo:

NVivo is software that was developed in 1999 and has been consistently used in academic research. It contains tools such as text search, word frequency, coding, matrix coding, crosstab, and coding comparison in the Query button. This software helps with the analyses of large volumes of data in fields such as governmental and health sectors. It classifies information in the form of documents, videos, pictures, and voice recording and is very useful in the analysis of non-numerical data. Researchers used the software to identify trends and build evidence supporting the research study from written reports of data sets from interviews. NVivo allowed the researchers to code information and develop themes called *'nodes'* to make presentation and discussion of results comprehensible and credible. There is graphic information on the tools in NVivo as shown in *Figure 4.1* below:

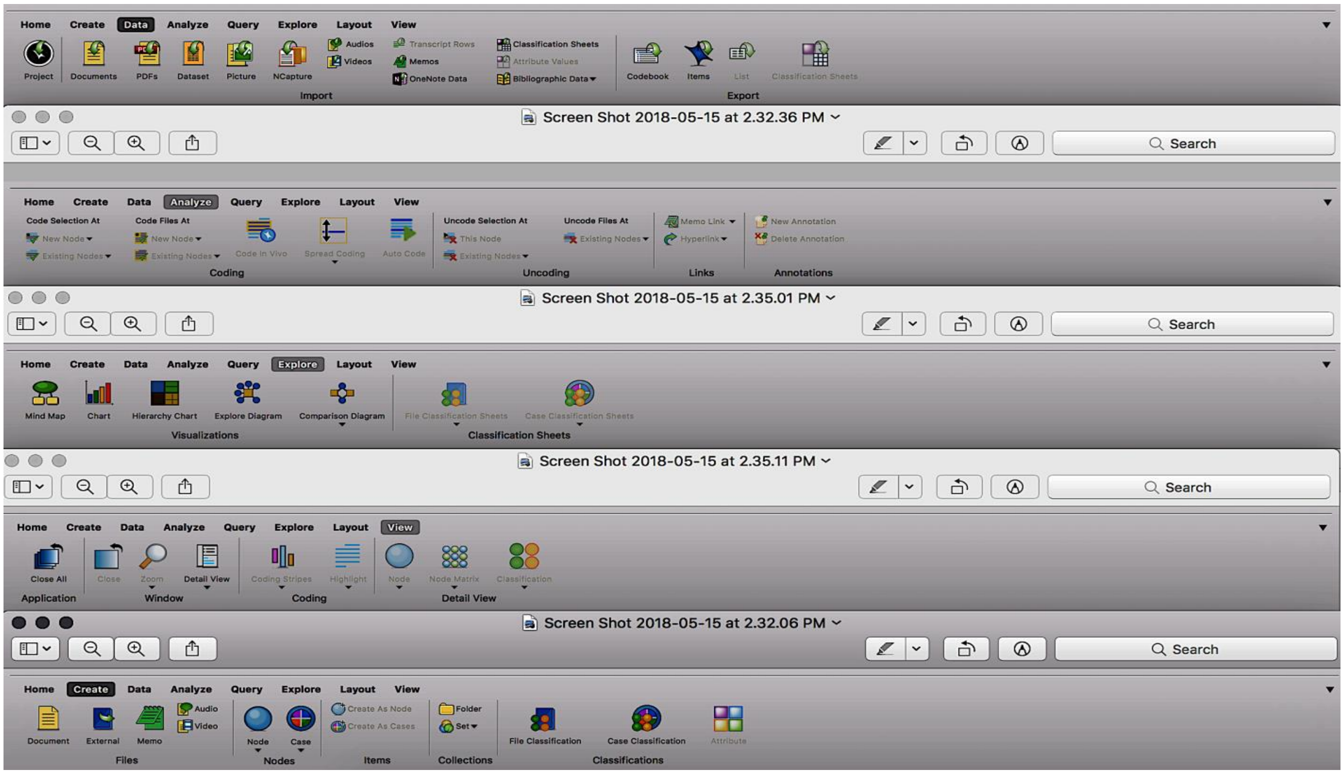

Figure 4.1 *Cross-section of NVivo tools from Software*

4.5 Limitations with Data Collection

Some of the problems the researchers had to deal with during this research project included the lack of ample time to conduct the study. In addition, the interview participants from the chosen case study firm did not want the video interview to be recorded due to their pressing desire for anonymity. As a result, there were delays in the scheduled interview times as researchers were still negotiating a favorable agreement for both parties. Furthermore, they were unwilling to provide documents and reports in relation to their internationalization processes. It was a challenge to establish trust and convince participants to share detailed information on the subject. Out of six final drafted interviewees, two respondents honored the invitation to participate in the interview and the second participant was interviewed at a later date after several cancellations.

The researchers contacted the interviewees on several occasions to give assurances that the research was purely for academic purposes and had to send in a letter of introduction that was requested for at a later date. The researchers presumed that they would get easy access to data considering the level of familiarity one of them had with the case under study. However, new management was uncomfortable with the idea since they were not familiar with the researcher. Misunderstanding of data collected after interviews proved also to be a challenge as there were times when the opinions of the researchers got mixed up with the data collected. The chances of this misunderstanding happening were greatly reduced as researchers consulted the recorded video and assessed the transcribed data thoroughly and repeatedly throughout the analysis and discussion. The participant involvement in the corrections and confirmation of transcribed data also helped to reduces the risk of misrepresentation.

5. EMPIRICAL FINDINGS AND DISCUSSION

In this chapter, the researchers discuss and analyse the primary data collected in the form of interviews, conducted with the COO and Cluster Manager of the firm and support the discussions with secondary data. Examples of the questions asked and answers obtained are provided during the discussion. It also presents a discussion of the ways that the environmental factors influence a firm's resource base and its internationalization process as developed in chapter 3. See ***Figure 3.1***.

5.1 Home Market Environment

The results presented were obtained after the codification of the transcripts through the NVivo software where five codes were created based on environmental factors and the questions asked in the home market section of the interview guide. The software and the codified nodes were used to reflect the repetition of comments on each environmental factor in the home market as referred to by the interviewees during the interview process. The results help researchers to understand which environmental factors influence the internationalization process of 'Figures Ltd' in the home market. The interviewees provided clear insight into the Socio-Cultural, Governmental, and Economic factors, which 'Figures Ltd' faced in its home market, Ghana. Please see *Appendix 2a*.

5.1.1 Governmental and Economic Factors

While analysing the economic and governmental factors in the home market, it was noticed that they were the two out of the five factors which were mentioned least during the interview conversations. However, this does not determine the power of influence the factors have on the firm's resources and its internationalization process. Nevertheless, researchers were able to make inferences as to the degree of influence the factors may have had on the internationalization process by comparing the results from the home and host market environments.

In the interview process, it was found that the interviewees referred to the governmental and economic factors just a few times which gave the researchers an indication that the these factors did not have a very strong relevance in the home market environment and its influence on the firm's internationalization as compared to the financial or socio-cultural factors.

In the few times the economic factor in the home environment was mentioned during the interview, it was to define or give examples of the impact of the economic environment in the host market and also to give details regarding macro-economic performance indicators such as exchanges rates of Cedi vs USD or Cedi vs Naira (Bawumia, 2010). For example, when the COO was asked about the factors in the home market which helped the company's Internationalization process, the response was:

> *"The exchange rate between the Ghana Cedi and the Nigerian Naira went a lot in favour of our firm since the Ghana Cedi had more exchange value against the Naira*" (Interviewee B, COO May 6, 2018).

Another example is when we asked the informants about the environmental factor(s) in the home country that hindered the internationalization process. They also replied by referring to economic factors as the following:

> *"After our elections, the economy experienced volatile fluctuations in our exchange rates, inflation spiked, interest rates were very high, so there was some scepticism when management delivered the news about the decision to initiate the internationalization of the company"* (Interviewee A, Cluster Manager, April 16, 2018).

The responses above complement the findings of Kim (2017) and Rahman, Uddin, and Lodorfos (2017) who revealed that economic and market conditions are expected to moderate the influence of firm strategies, resources, and competencies on their performance on both domestic and international markets. For example, in the 2013 annual report of 'Figures Ltd', it was explained that although the capital and liquid assets of the firm had increased in value in Ghana Cedis by 23%, it had decreased in value in Naira by 3% and in South African Rand by 15%.

Furthermore, in 2015, the monetary policy rate of Ghana was reduced by 3.00 basis points to 21% which reduced the interest rates of the money market lending instruments and consequently reduced the cost of business operations and marginally incresed the revenue or profit margin of investment avenues (Bank of Ghana, 2018). As a result, 'Figures Ltd' was able to maintain and marginally increase their financial resources during this period by investing in their business operations and other internal assets (Bawumia, 2010).

This report supports the findings of several researchers who argure that the economic factors in a home market environment of a firm directly affects the firms' internal resources which in turn influences the internationalization process of the firms based on the strength of their resources (Barney J. B., 1991; Curtis, 2016; King & Levine, 1992; Zhang, 2015).

However, taking into consideration that the governmental and economic factors for the home market environment were not frequently mentioned during the conversations, it can be inferred that perhaps 'Figures Ltd' did not heavily rely on these factors when expanding into foreign markets but rather considered the financial and socio-cultural factors as more influential as explained in the next section.

5.1.2 Socio Cultural Factor

The findings from the interviews give us a clear insight into the influence of the socio cultural factor and how it plays an important role in the internationalization process of SMEs in the financial sector in Ghana. While analysing the transcripts from the interview with the COO of 'Figures Ltd', some clear signs of the influence of the citizens of Ghana were found in the home market that gave the step to internationalize their firm.

While using referential statements made by the respondents concerning the home market, the socio-cultural factor was the factor that was mentioned most and inferred repeatedly throughout the interviews. This could be as a result of the importance and relatively high impact of the socio-cultural factor in the home market environment of emerging markets as theorized by Felício, Meidutė, and Kyvik (2016). As shown by Che Senik, Scott-Ladd, Entrekin, and Akmaliah (2011), this is observed in the use of external socio cultural connections by 'Figures Ltd' when they capitalized on unsolicited calls by the government of the host market for investment. The COO regarding the internationalization to Nigeria emphasized that the host market government was the main factor that pushed them to internationalize their services.

> "*The opportunity came in the form of a business proposal from the Ministry of Finance in Nigeria. I remember when I received the call from someone in the Ministry, a direct phone call, requesting my CEO's presence at an exclusive banking sector meeting with several industry players in Nigeria"* (Interviewee B, COO, May 6, 2018).

This factor was also referred to in the interview more than fifteen times in several ways. While we were asking about factors in the home market environment which helped the company's Internationalization process, the response of the COO referred to the importance of the socio-cultural factors in the internationalization process:

> *"Like I said earlier, Ghanaians are loyal and they support their own brands which was very surprising because of the common knowledge that Ghanaians had acquired taste for foreign products and services"* (Interviewee B, COO, May 6, 2018).

These findings support other Internationalisation studies where it is mentioned that Socio-cultural environment is a crucial factor to enable and support the internationalization activities of a company, especially if the internationalization takes place in neighbouring countries with a similar cultural identity (Felício, Meidutė and Kyvik, 2016). As it was in the case of 'Figures Ltd', their strategy was to enter markets with cultural similarities such as Nigueria where the socio-cultural factor plus network relations helped them to enter the market. Another example is given here in the words of the Cluster Manager of 'Figures Ltd':

> *"Ghanaians in Nigeria and South Africa supported us quickly; as soon as they knew that there was a West African bank from Ghana in their country of residence, a lot of crowd just came in to make more enquiries and sign up with us"* (Interviewee A, Cluster Manager, April 16, 2018).

With this statement, the positive influence of socio cultural factors was evident when Ghanaians in Nigeria and West Africans in South Africa approached to sign up with them after they found a company from similar cultural backgrounds. The socio-cultural factor here being the strong acceptance and patronage of 'Figures Ltd' by customers in the home market is further demonstrated in the following statement of Interviewee A. This resulted in the increase of the customer base of 'Figures Ltd' which has a direct influence on the financial and liquid resources of the firm, in this case, the liabilities and loan portfolios of the firm (Blankson, Ketron, & Darmoe, 2017).

5.2 Host Market Environment

This section focuses on the findings in relation to the host market. The environmental factors which were coded as 'nodes' created from the answers obtained from the interview are also discussed. Please refer to *Appendix 3a*.

5.2.1 Governmental and Economic Factors

In chapter 2, a brief description of the host markets in terms of their financial sector (Nigeria and South Africa) was presented. From *appendix 3a*, it can be observed that the influence of the governmental factor in the host market environment on the internationalization of 'Figures Ltd' was strongly emphasized by interviewees in comparison to the other environmental factors. However, during the interviews, the respondents while discussing their perspectives in relation to the influence of the governmental environments made distinctive statements for the two host markets, Nigeria and South Africa. For example, most SMEs in Nigeria prefer to begin their international business activities in other members of ECOWAS such as Ghana, because Ghana is regarded as one of the most rapidly developing markets with the most economic growth and financial activities, state of art infrastructural facilities, and with the most access to technology that is most similar to their home market (Ibeh, Wilson, & Chizema, 2012; Blankson, Ketron, & Darmoe, 2017).

According to the interviewees, the governmental factor in the Nigerian market was more supportive during the internationalization process of 'Figures Ltd'. According to the Central Bank of Nigeria's policy on foreign subsidiaries in the banking sector, new entrants must adhere to their market entry rules and regulations, financial sector capitalization limits, and business incorporation processes before being allowed to begin business operations; the estimated processing period for entry in to the market was five years as at 2014 (Central Bank of Nigeria, 2015). Nevertheless, the process of settling into the host market was expedited in their favour and this governmental factor in the host market environment proved to be advantageous in the internationalization of 'Figures Ltd' into the Nigerian market. It was acknowledged by the interviewees that 'Figures Ltd' settled into the Nigerian host market faster than into the South African market. For example:

'It took a substantial amount of strategic planning on the part of the firm, almost 5 years in total to fully operate in South Africa and about 14 months to begin full operations in Nigeria' (Interviewee B, COO, May 6, 2018)

The following quotes illustrate the thoughts of the respondents about the host market in Nigeria which positively influenced their decision to operate there:

"Allow me to say that we did not find a 'need' to internationalize exactly but rather, we found an opportunity. And this opportunity came in the form of a business proposal from the Ministry of Finance in Nigeria" (Interviewee B, COO, May 6, 2018).

During the interviews, the respondents agreed that 'Figures Ltd' did not have any plans of entering Nigeria in their decision to internationalize. They indicated that their move to Nigeria was a fully planned move from the government of Nigeria and they were offered a space on the Nigerian market.

"The interesting thing is that, we did not plan to enter Nigeria first because they already had a big and matured banking system. With several of their banks already entered and settled in our home market, we really did not think that we had a chance. So, instead management was considering Cote d'lvoire which is close to us and we have a lot of trade items and unions in common" (Interviewee A, Cluster Manager, April 16, 2018).

The COO agreed that the Research and Development team of 'Figures Ltd' delivered a report on possible host markets for the expansion of the company and although Nigeria was on the list, there was a perception that the Nigerian market would be a difficult place to penetrate considering that their financial sector was more developed than in Ghana.

"When we had the invitation to go to Nigeria, we grasped the opportunity with both hands and thankfully, we got all the support from the government through the Ministry of Finance and it made the process really smooth for us" (Interviewee B, COO, May 6, 2018).

The COO acknowledged that the company did not have any direct connections with the Ministry of Finance in Nigeria and as such the invitation and the immense support they received from governmental institutions to enter the host market came as a surprise. This is understandable because there have been no considerable effort on the side of the domestic government to support their financial SMEs in their internationalization activities unlike the exportation support and attention given to the agricultural, retail, and textile industries (Awuah G., 2009; Bawumia, Owusu-Danso, & McIntyre, 2008; Kujala, 2015).

5.2.2 Technological Factor

In reference to the figures from *appendix 2a* and *appendix 3a*, it can be seen that technological infrastructure within the home market of 'Figures Ltd' was not as influential a factor in their market growth and expansion as it was in the host markets. Quotes from interviewees indicate the cause of this as the rather low technological competition among other banks in the home market. This implies that it wasn't a lack of will to innovate within their home market but a lack of necessity and the high cost of technology. Referring to an example quote:

> *"It was a lot of hard work for us and also in South Africa, the technology advancements of the other banks were on a whole different level. I mean, the technology was high-tech as we say it in Ghana; it was way far ahead than we are used to in Ghana and somehow in Nigeria. As a result, the customers were used to cutting edge technology like some e-banking services which we had to update and it was very expensive. The process took time and what I can say is that it was more difficult to set up in South African market than in Nigerian market, however in both markets, our competitive advantage in the products and services we offered was rather superior."* (Interviewee B, COO, May 6, 2018).

Other statements from interviewees, show that the technological factor, while not being very influential in the home market, is perhaps in that position due to the lack of infrastructure and expertise to manage it. This implies that the home branch of 'Figures Ltd' could substantially benefit from the initial investments into technological innovation it made in the host market if the home market later gains an enabling environment for such technological services.

> *"Aside that, the technological factor I think is one of the challenges that we and the firms in general are facing. Because the country is not well developed when it comes to technological infrastructure, software, even acquiring the hardware to start business was very difficult. We need high speed internet for our services which in Ghana was very*

> *expensive but the quality of the internet connectivity was so low!"* (Interviewee B, COO, May 6, 2018).

> *"We could go about 3 hours continuous with no productivity in several branches because of interruptions in our internet connections. And the personnel, the qualified personnel to attend to these technological issues are scarce in this industry. There is still a huge region of Ghana and in Africa in general that is struggling with this issue, especially for companies like us in the financial sector because our business depends heavily on the use of these technologies."* (Interviewee A, Cluster Manager, April 16, 2018).

A further examination of the narrative shows a scenario where 'Figures Ltd', although fully aware of their limitations in terms of technology, had a good understanding of the importance of state of the art technology in offering an efficient banking service. This indicates that the level of influence of some environmental factors within a certain market does not necessarily translate into a lack of knowledge or interest in that factor. This could be as a result of other market influences. Kindly find below the corresponding narrative:

> *"We built strong and efficient channels of communications, around Ghana we have all our branches in sync and connected every day. We have to make sure we can communicate efficiently and effectively; so we invested a significant amount of money in technological infrastructure. We knew that this infrastructure would help us to save time and we can serve more number of people in a better way, which paid off. We did the same in Nigeria and South Africa our branches there are connected in real time 24/7 with our headquarters in Ghana"* (Interviewee B, COO, May 6, 2018).

Also, it seems that the technological factor, while being a highly influential factor in the host market was not as much of a hindrance to the entrance of 'Figures Ltd' as compared to the governmental factors. This seems to be in contrast with *appendix 3a*. This is because 'Figures Ltd' would not have been able to enter the host market at all if they did not satisfy all the legal and governmental requirements. However, with the technological factors, they could afford to start operating and perform upgrades to their infrastructure periodically. So that even though technological differences between the two host markets were higher, it wasn't as much of a barrier to initial entry. This implies that even though some environmental factors were underplayed by Figures Ltd, their influence on the firm's internationalization process may be higher and more adverse than other factors of seeming importance.

> *"We can never totally overcome these factors but we were able to make progress enough to start running and then occasionally we have upgrades. That is what we have been doing because we cannot totally have a perfect technological system, or for that matter, a perfect environment, because technology is advancing rapidly each and every day so we have to set up and periodically upgrade as and when we are able to afford."* (Interviewee A, Cluster Manager, April 16, 2018).

5.3 Firm Internal Resources

In this section, researchers present the firm's internal resources which were encountered during the interviews and recognized due to the frequent inferences made by the informants. The researchers decided that it is important to point the specific internal resources out during the findings and discussions of this paper to get a better understanding of how a firm's internal resources influence the Internationalization process besides the environmental factors. Please refer to ***Figure 3.1***. After obtaining the results for the internal resources that influenced the Internationalization process, it was obvious that some internally generated resources like competitive advantage and company size which are developed through unique marketing strategies and effective networking were positively influential for the Internationalization of 'Figures Ltd'.

5.3.1 Home Market

When the COO was asked which factor or factors in the home market helped the company's internationalization process, he replied as quoted in the following sentence:

> "*The home market literally took ownership of the business and then the next thing we knew, the company was the most popular and most awarded in the financial sector for three consecutive years. We got awards from the President, the Ministry of Finance in Ghana, the Financial sector and the banking industry as a whole"* (Interviewee B, COO, May 6, 2018).

This answer gives us a clear message that at some point 'Figures Ltd' was very well established on its home market, supported by the citizens and customers which in turn made them financially strong to support their first Internationalization. The success they obtained in their home market put them on the map as leaders in their industry and this pushed them to start the expansion of their services.

> *"This company has experienced a rapid growth in our home country due the unique services we offered to the informal sector that already existing traditional banks had abandoned. In consideration of the success we obtained here in Ghana, we figured that other countries in Africa were also having the same gap in financial inclusion just like Ghana"* (Interviewee B, COO, May 6, 2018).

These results are consistent with the findings of Ruiz Garcia (2009) which stated that a firm must possess a specific a resource advantage in the home market in order to successfully enter new markets and be profitable. They also reiterate the direct influence that the home market has on a firm's internal resources as theorized by (Barney, Ketchen, & Wright, 2011) which in turn influences the internationalization of a firm (Dickson, Weaver, & Vozikis, 2013; Matiusinaite & Sekliuckiene, 2015).

5.3.2 Host Market

According to the data gathered, after 'Figures Ltd' conducted their due diligence, they were inclined to accept the governmental offer from Nigeria because the firm's internal resources were enough to cover majority of the cost of entry.

> *"By the time we internationalized, the firm was strong enough to finance the internationalization by itself and the firm had amassed more than enough resources to support a new subsidiary"* (Interviewee B, COO, May 6, 2018).

The information above suggests that 'Figures Ltd' as a firm had grown and matured on its local market before considering a move to foreign markets. The firm's story is consistent with the RBV that firms expand their resource portfolios by building on their existing resources (Barney, Ketchen, & Wright, 2011). In addition the respondents insinuated that the main reason why the firm and its management had the confidence to move to new markets was because they found a foothold or a market gap in these new markets which was in need of their services.

"But the most important thing is that the financial sector in Nigeria was not attending to the needs of SMEs in the informal sector and as you know that is what our business is about, to serve small and medium business with their financial needs. This is what we do here in Ghana and our success is based on the unique financial services and products we provide in that specific sector that it has been totally abandoned in Nigeria" (Interviewee A, Cluster Manager, April 16, 2018).

The above information confirms the established theoretical and empirical relationships that have been identified between a firm's resources and its core competency that enables the firm to sustain a competitive advantage (Barney J. B., 1991). Again, Barney, Ketchen, and Wright (2011) reaffirm this situation with the assertion that when an SME's position is buttressed by resources, the firm is able to enhance their foothold advantage and use it as a catapult for expansion as in the case of 'Figures Ltd'. This is also consistent with the internationalization theory that SMEs usually follow an internationalization pattern where they begin in foreign markets that are close to their domestic market (Johanson & Vahlne, 2009), before extending to new markets that are further away. In this case, 'Figures Ltd' entered the Nigerian market and then later entered South Africa. Furthermore, the case firm indicated a strong commitment in its unwavering dedication to meeting the needs of their customers in the new markets as theorized by Johanson and Vahlne (2009).

When 'Figures Ltd' internationalized into Nigeria and South Africa, it had to adjust their policies to government and central bank regulations in those countries. According to the respondents, their cooperation and prompt evaluation and executions of new governmental regulations from those foreign markets was crucial for their success in the internationalization process despite the delays in the South African market.

5.4 Competitive Advantage

Competitive advantage means that a company possesses and is able to offer unique services or products for lower or equal value compared with their competitors (Awuah, 2009; Barney, 1991). This allows the company to penetrate target markets and generate superior sales (Hajela & Akbar, 2005). Reaching a sustainable competitive advantage gives to the company a lead position in the business environment because it poses as a very challenging task for their competitors to neutralize their advantages (Kuivalainen, Sundqvist, Saarenketo, & McNaughton, 2012). Firms are expected to offer a competitive advantage if they want to survive and compete in the global markets which 'Figures Ltd' solidly developed in its business operations.

Currently, firms from Nigeria and South Africa have higher competitive advantages in terms of quality of products and services, advanced technologies, and robust financial backing as compared to SMEs from Ghana despite the fact that they are all emerging African markets (Acheampong & Dana, 2017). It is also possible for SMEs in similar economic regions, such as Nigeria and Ghana who belong to ECOWAS, to have differing competitive advantages based on the aforementioned criteria (Ibeh, Wilson, & Chizema, 2012). Hence, several researchers consider competitive advantage to be an invaluable and essential firm internal resource (Agndal & Axelsson, 2012; Blankson, Ketron, & Darmoe, 2017; Puljeva & Widen, 2007).

During the interview with the COO and Cluster Manager some clear signs of the competitive advantage from 'Figures Ltd' were exposed, which at the end allow researchers to understand the immediate success of their internationalization to Nigeria and South Africa. They referred to some events where the competitive advantage of 'Figures Ltd' was clearly exposed for example:

> *"I will say that our opportunity to internationalize was as a result of the unique banking products and services that we provided to the public, especially to SMEs and individuals who worked in the informal sector"* (Interviewee A, Cluster Manager, April 16, 2018).

The statement above shows the kind of competitive advantage they had against other companies in their host markets. Firstly, as the cluster manager said, they were a pioneer company offering micro loans to SMEs in the informal sector; which is a sector that traditional banks do not want to attend to. This competitive advantage allows them to gain a strong foothold which enables them to easily penetrate the host markets (Barney, Ketchen, & Wright, 2011).

Similarly, company size and company trust are considered as acquired and developed resources respectively as theorized by Barney (1991), and Panda and Reddy (2016). The researchers infer that the rapid growth of the company in the home market, was due to the trust the customers developed in the brand of the company and in the original service of 'Figures Ltd' which they perceived to have made a great difference in SMEs in the informal sector. The growth of

‘Figures Ltd’ in its home market was fast as it took just a few years for their expansion across Ghana:

> *“We grew rapidly and our brand quickly spread all over the country and eventually West Africa, then towards South Africa”* (Interviewee A, Cluster Manager, April 16, 2018).

> *“I remember in South Africa we had to set out about three days for only opening bank accounts. The branch was dedicated to just opening bank accounts because the number of people trooping in was massive!”* (Interviewee B, COO, May 6, 2018).

According to Panda & Reddy (2016) the competitive advantage of a SME can be developed through intensive marketing and networking of a firm. This can be inferred from the statements of the Cluster Manager:

> *“About the success of our company in Ghana and abroad, I think it’s because we got a lot of word of mouth marketing thanks to all the SMEs we had financially assisted to internationalize and the numerous customers satisfied with our services”* (Interviewee A, Cluster Manager, April 16, 2018).

In relation to *Appendix 3b,* the influence of the marketing factor on the firm’s competitive advantage can be observed clearly. During the analysis of the interview transcripts to find the answer to why the marketing factor was very important in the host market, it was found that in both transcripts, the COO and Cluster Manager referred recurrently to the marketing strategies that ‘Figures Ltd’ used to enter to new markets, and these marketing tools they obtained were practically for free through media and word of mouth from people in Ghana and also across other African regions. The COO shared some of their marketing strategies; they were:

> *“One of the marketing campaigns that give us excellent results in Ghana and abroad was the promotion of our quick service, we adopt the slogan, ‘A loan in less than 24 hours’ this marketing campaign is one of our strongest one because no traditional bank in the financial sector is able to offer this service”* (Interviewee B, COO, May 6, 2018).

Some other signs of marketing were also given by the Cluster Manager when he was asked about the factors that contribute to the growth of ‘Figures Ltd’ he said:

> *"The firm quickly became a hit and our CEO became an important and influential figure especially because Ghanaians were very happy to have a successful company 'Figures Ltd' started to appear in newspapers, radio, TV programs. They were doing marketing for us and it was for free"* (Interviewee A, Cluster Manager, April 16, 2018).

Existing academic literature depicts that the opportunities present on foreign or host markets can be determined by the level of domestic market growth, size of the host market, and also the differences in the firm internal resources such as financial, customer base, or competitive advantage and disparities in the national environments such as governmental policies, access to technologies, or socio-cultural environments between the home and host markets (Acheampong & Dana, 2017; Akimana, 2017; Dever, 2013). It can be inferred from the cited data above that 'Figures Ltd' adopted a policy of marketing and niche services which gave them a considerable competitive advantage. This advantage which could be framed as an internal firm resource helped their entry into new markets similar to their home market.

5.5 Discussion

5.5.1 The Role of the Governmental and Economic Factors

Concerning the role of the governmental and economic factors in the internationalization process of SMEs in emerging African markets, it was revealed that the government plays an essential role when it comes to driving the economy of a country through its supervision of business activities in the private sector (Agndal & Axelsson, 2012; Awuah & Mohamed, 2011; Bawumia, Owusu-Danso, & McIntyre, 2008). For 'Figures Ltd', the data showed that while the government of the home market was supportive and created an enabling environment for SMEs, the firm did not count its success story as a direct influence of governmental and economic factors. Nonetheless, in its internationalization efforts, the data showed that the governmental and economic factors of the host markets proved influential in the internationalization process. For instance, regarding Nigeria, favourable governmental and economic conditions in terms of; good forex exchange rates and several regulatory waivers ensured that they were able to complete market entry in 14 months. On the other hand, the many regulations from the South African host market slowed the internationalization process such that it took about 5 years to complete entry. Nonetheless, after entry into the South African host market, 'Figures Ltd' was aided by a resilient host economy with a similar demography as that of Ghana and Nigeria.

When a country is poorly governed, it directly affects the economic factors resulting in an impact in the financial institutions in the banking sector and also the performance and growth of both domestic and foreign SMEs in other industries (Dickson, Weaver, & Vozikis, 2013). Another cause of impact to the economic activity of markets are the regulations from the government through the central banks (Bank of Ghana , 2018; Central Bank of Nigeria, 2016; SARB, 2015). For example, the Central Bank of emerging economies could issue mandates concerning the trade of the USD or other types of foreign currencies to manage the depreciation of their local currencies (Okwu, 2017).

However the implementation of such regulations forces customers of financial SMEs to move their funds outside of the country, which results in negative impact to the growth and expansion opportunities of these firms (King & Levine, 1992; Blankson, Ketron, & Darmoe, 2017). Furthermore, as intimated by Awuah and Mohamed (2011), African governments do tend to implement regulations that are seen as open and fair to investors outside the African continent but which can be harsh and unfair to local firms. Fortunately, or in some cases, unfortunately, these regulations change when there is a change of governments such that it creates an atmosphere of uncertainty which may affect internationalization efforts of African SMEs (Claessens, 2006; Okwu, 2017). In the case of 'Figures Ltd', the data showed that the uncertainty of the economy following the 2012 elections in Ghana raised scepticism about the internationalization process into Nigeria because of the fluctuations in currency rates and monetary policy changes in the banking industry. As a result, management had to work on adhering to these changes; some of which included an increase in capitalization funds, while the internationalization process was ongoing. This could have had a severe direct impact on the firm's internal resources and indirectly put a stop to the internationalization process if 'Figures Ltd' did not have enough resources.

Following the patterns of the data collected from this research paper it can be deduced that good and attractive economic factors in a country promotes an intense competition from more powerful international companies which is considered key to the success and innovation of a country while boosting the emerging market (Quartey, Aidam, & Obeng, 2006). However, the competition of these more financially resourced foreign companies when not properly controlled by the government could become a hindrance in the survival, growth, and survival opportunities for domestic SMEs in an emerging African market (Asiedu, 2013; Barney, Ketchen, & Wright, 2011; Panda & Reddy, 2016). ‘Figures Ltd’ in its own right avoided this possible hindrance by creating a niche of services for the informal sector which were being overlooked by the more resourced traditional banks. This implies that firms will indeed have to be creative in keeping a competitve advantage in order to survive unfavourbale governmental and economic schemes. The data also showed that once successful in the home market, the niche can be replicated in host markets with similar demographies even if the same harsh conditions exist for banks.

Economic environmental factors have many implications in the business environment (Claessens, 2006). Low income economies and high income economies do not share the same factors (OECD, 2004). This classification can be showed with the Gross Domestic Product (GDP) and per capita income of each country: GDP of Ghana is 1,513 USD while a GDP from a high economy like Germany for example is 41,936 USD as at 2016 (Bawumia, 2010; Blankson, Ketron, & Darmoe, 2017). This shows the purchasing power of the population in each region where it will be relatively higher in Germany than in Ghana (International Finance Corporation , 2011). This gives an understanding to the companies on how the economic situation is in the host country prior to internationalization to enable them choose the most suitable host market (Felício, Meidutė, & Kyvik, 2016).

Lastly, the governmental regulations from foreign or host markets are crucial for the success in the internationalization process of SMEs in local emerging markets (Kganyago, 2016). According to the data collected from the interview, it is quite apparent that the best survival tactic for SMEs even within their home markets is to align closely with the central banks and be creative with their services in order to maintain a competitive advantage. This move may seem uncomfortable, however, it seems to be a plausible way for the firms to maintain a level of influence or at least have access to information which can help them in making business decisions (Bawumia, Owusu-Danso, & McIntyre, 2008; Okwu, 2017).

Finally, the researchers are in agreement with Awuah & Mohamed (2011) and He, (2011) who concluded that the government plays an imperative role in the internationalization of financial SMEs by setting policies that will protect their domestic SMEs and promote their growth on their home markets. These authors stated that the success of a domestic SME on its home market is a strong catalyst for expansion into foreign markets.

5.5.2 The Role of Firm Internal Resources

Firm Internal Resources refer to the assets of a firm that have been either been acquired or developed over a period of time (Barney, 1991). In relation to the findings from this research, firm internal resources such as financial, technological, and competitive advantage are inter-related. This is consistent with the findings of Panda and Reddy (2016) who declared that for a SME to have a competitive advantage; it must have in possession a sizeable amount of financial resources. In agreement, (Kim, 2017) state that technological resources are expensive and can only be acquired with a substantial investment of financial resources of a firm. Hence, the researchers observed that 'Figures Ltd' could not have been successful in its internationalization process without having these key firm internal resources (Barney J. B., 1991; Matiusinaite & Sekliuckiene, 2015; Müjdelen, Barış, & Sinem, 2016).

Concerning the technological environment in emerging African markets, a low participation of financial SMEs in internationalization can be observed due to the poor technological infrastructure in the region (Kunday & Sengüler, 2015). This information suggests that technology infrastructure needs a rapid update to cover the needs of 'Figures Ltd' in the Ghanaian home market to enable them actively compete with more technologically advanced competitors inside and outside of their markets (Ibeh, Wilson, & Chizema, 2012). Furthermore, the success of the market penetration of 'Figures Ltd' in emerging Ghanaian markets into national and international markets is greatly influenced by their technology supplies (Kganyago, 2016). The ICT communication channels plays an important role in 'Figures Ltd' to keep connected to their branches, to also ensure that their subsidiaries are synchronized and all knowledge and information are current and up-to-date (Bawumia, Owusu-Danso, & McIntyre, 2008).

For a successful internationalization process, 'Figures Ltd' must possess a unique and valuable company strategy or resource which will give them competitive edge on any market environment they are located in (Barney J. B., 1991). As a result, the influence of a firm's specific advantage is considered an invaluable internal resource that greatly influences the internationalization process of financial SMEs in emerging African markets (Sveinung, Grünfeld, & Green, 2010).

Furthermore, the emerging Ghanaian market enjoys healthy trade relations with majority of foreign countries which have greatly increased business partnerships and created stronger economic ties (Kujala, 2015). However, these relations have inequalities where most often, the host markets have superior control over these business alliances (Awuah & Mohamed, 2011). And this is as a result of lack of firm internal resources on the part of the domestic financial SMEs such as ‘Figures Ltd’ in Ghana (Blankson, Ketron, & Darmoe, 2017).

In conclusion, it was found that environmental factors positively and negatively influence the internationalization process of ‘Figures Ltd’ in emerging African markets like Ghana depending on the circumstances on the environments in the home market and host markets as well as the firm’s internal resources.

6. CONCLUSION

6.1 Conclusion

As stated in chapter 1, the main objective of this study was ‘to develop an in-depth understanding on the environmental factors that influence the internationalization of SMEs in an emerging African market environment.’ The specific empirical context is an SME firm from the financial industry in Ghana. Again, the findings from this research enabled the researchers to answer their research question, *‘How do environmental factors influence the internationalization process of SMEs in an emerging African market?’*

The main findings of this research indicate that the internationalization process of ‘Figures Ltd’, a financial SME in an emerging African country like Ghana, is heavily influenced by the socio-cultural factors in its home market environment and the technological factors in its host markets. Again, it was realized that the internal resources of the firm, particularly the competitive advantage, remains highly relevant and influential in the internationalization process of ‘Figures Ltd’ on both home and host markets. Furthermore, it was found that the internationalization process of such SMEs is not only influenced by the firm’s resources or the environmental factors but also by the firm’s organizational internal processes, activities, and identity.

From the results in the study, environmental factors have both positive and negative influence on the internationalization process of ‘Figures Ltd’. Some factors have more impact on the home market than on the host market and vice versa. In addition, the internationalization process of this particular financial SME in Ghana can mostly be initiated and successful when the firm has a market gap or foothold strong enough to sustain competitive advantage in the long run on both host and home markets. Most importantly, this unique edge must be buttressed by ample resources that have been acquired and developed by the firm.

6.2 Limitations & Future Research

Considering the limitations of this research paper, a weakness can be attributed to the single case study and the few number of interviews granted. It would have been valuable to have compared several cases and also increase the number of interviews conducted. Other participants who were heavily involved in ‘Figure Ltd’ internationalization process could also have been interviewed to enrich data collection. However, the limited time to conduct research paper and high cost of traveling expanses from Sweden to Ghana were the reasons of these major limitations. Again, the size of the management in the firm was not large enough to be able to contact more expert respondents.

It is suggested for future research that the longitudinal case study and analysis of other companies from the financial sector could be conducted to give a clear distinction of how environmental factors affect domestic and foreign firms in the home market and the host market environments of emerging markets especially in West Africa. This will increase the credibility and knowledge in the internationalization process of SMEs in developing countries from the African perspective. Future research should also conduct comparative case studies to explore the level of SMEs activities in the international market and extent of their industrial support from their home countries.

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APPENDIX

Appendix 1a

INTERVIEW GUIDE

Environmental factors which influence the internationalization of SMEs

The environmental factors are: Governmental Factors, Economic Factors, Financial Factors, Technological Factors, Socio- Cultural Factors.

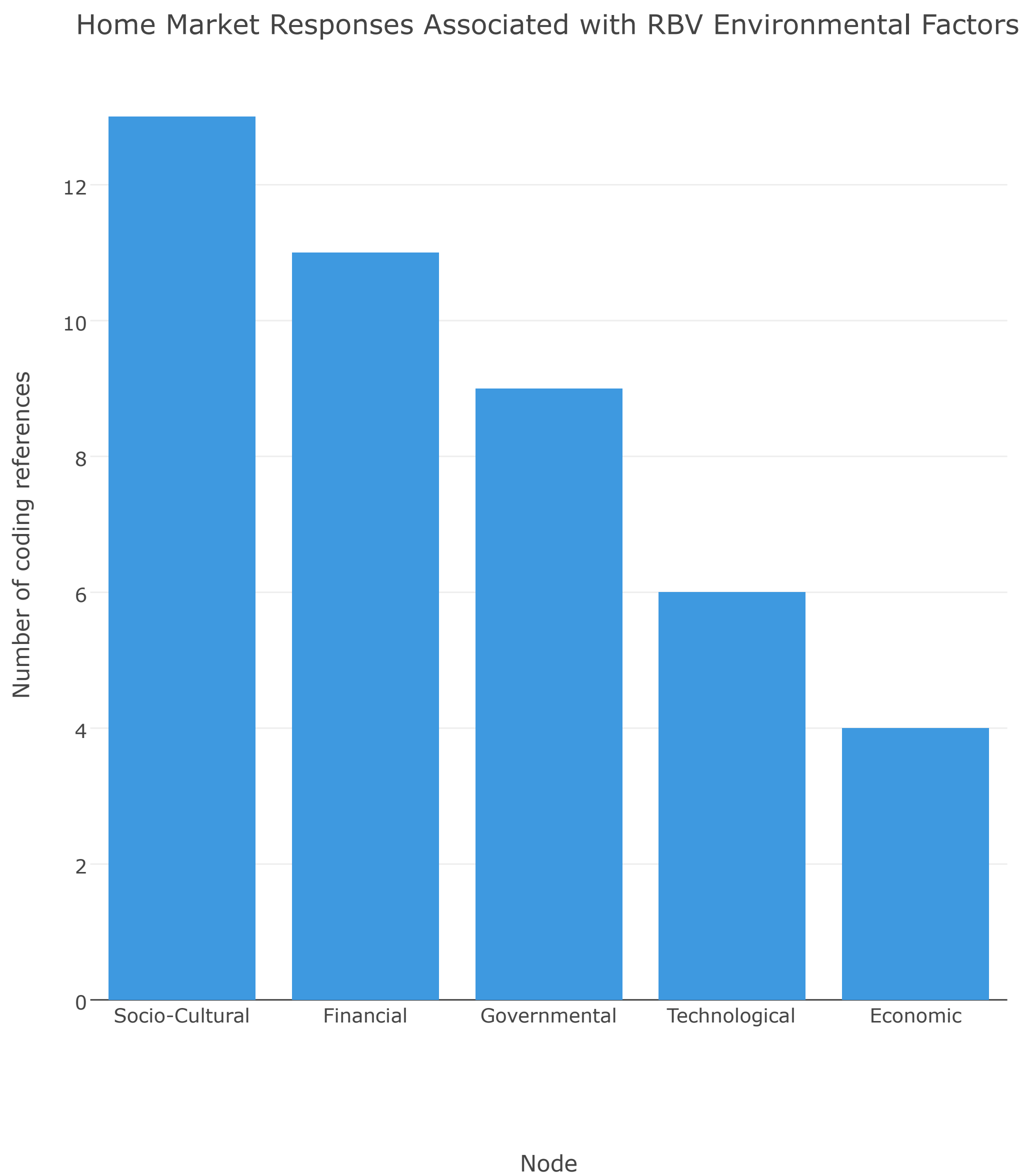
Home Market

1. Why did your company find the need to internationalize?
2. How did the company expand from its home country and into a country not only in a similar region such as Nigeria, but also across regions to South Africa?
3. Which factor or factors in your home market helped the company's Internationalization process?
4. What factors in your home country hindered the Internationalization process? Which factor was most difficult or challenging?
5. How did the company overcome hindering factors on their home market to successfully internationalize into foreign markets?

Host Market

1. Which foreign market did the company enter first? Why this market?
2. What difficulties or challenges did the company face during this first attempt to internationalize?
3. What factors contributed to their subsequent internationalization attempt?
4. What similarities did the company observe from the internationalization process to the first and second foreign markets?
5. What differences did the company observe from the internationalization process to the first and second foreign markets?
6. How did the company overcome hindering factors on their host market to successfully internationalize?
7. What happened with the subsequent entry into Zambia, Liberia, and Sierra Leone?

Appendix 2a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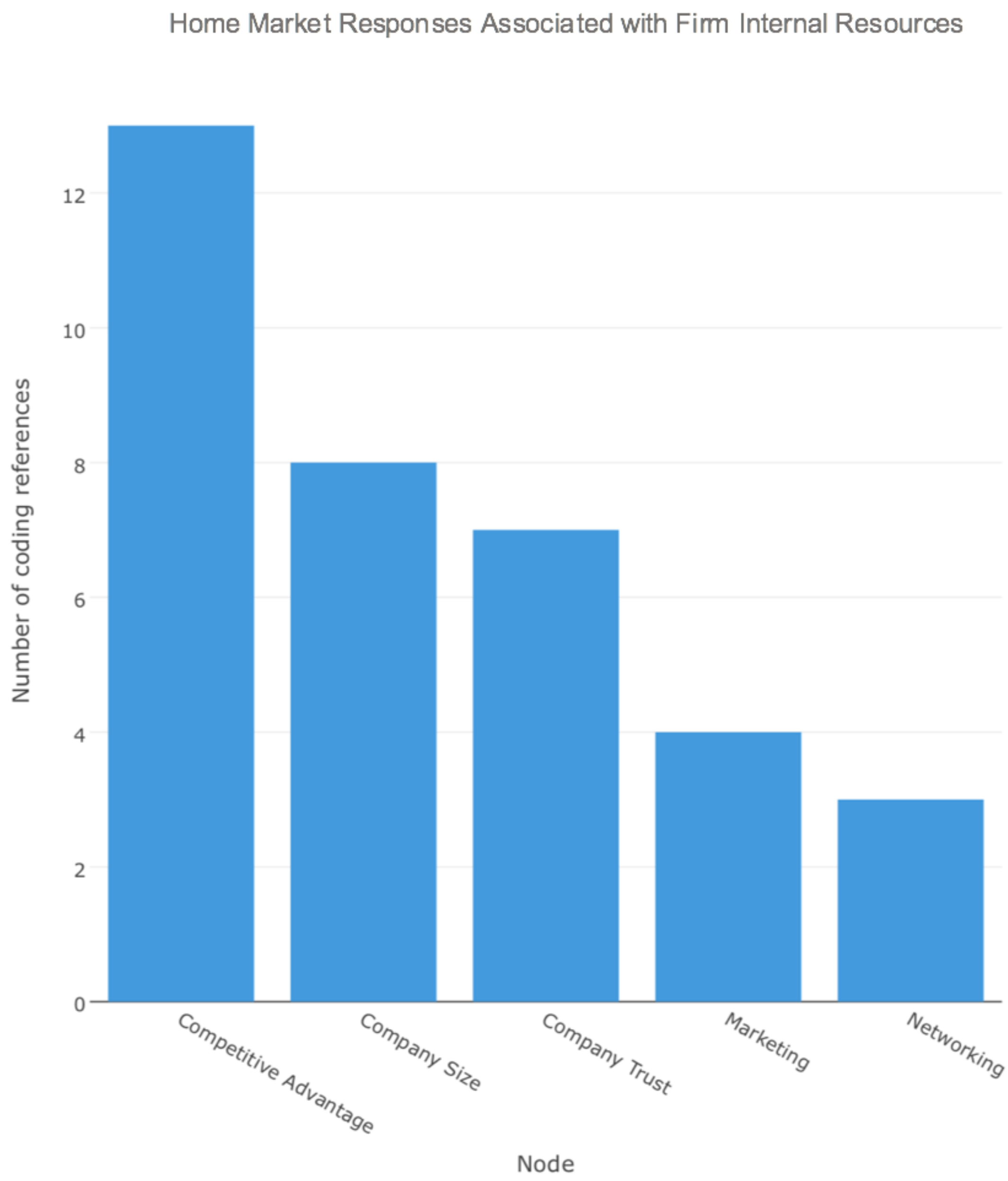
Socio-Cultural
Financial
Governmental
Technological
Economic
Node

Appendix 2b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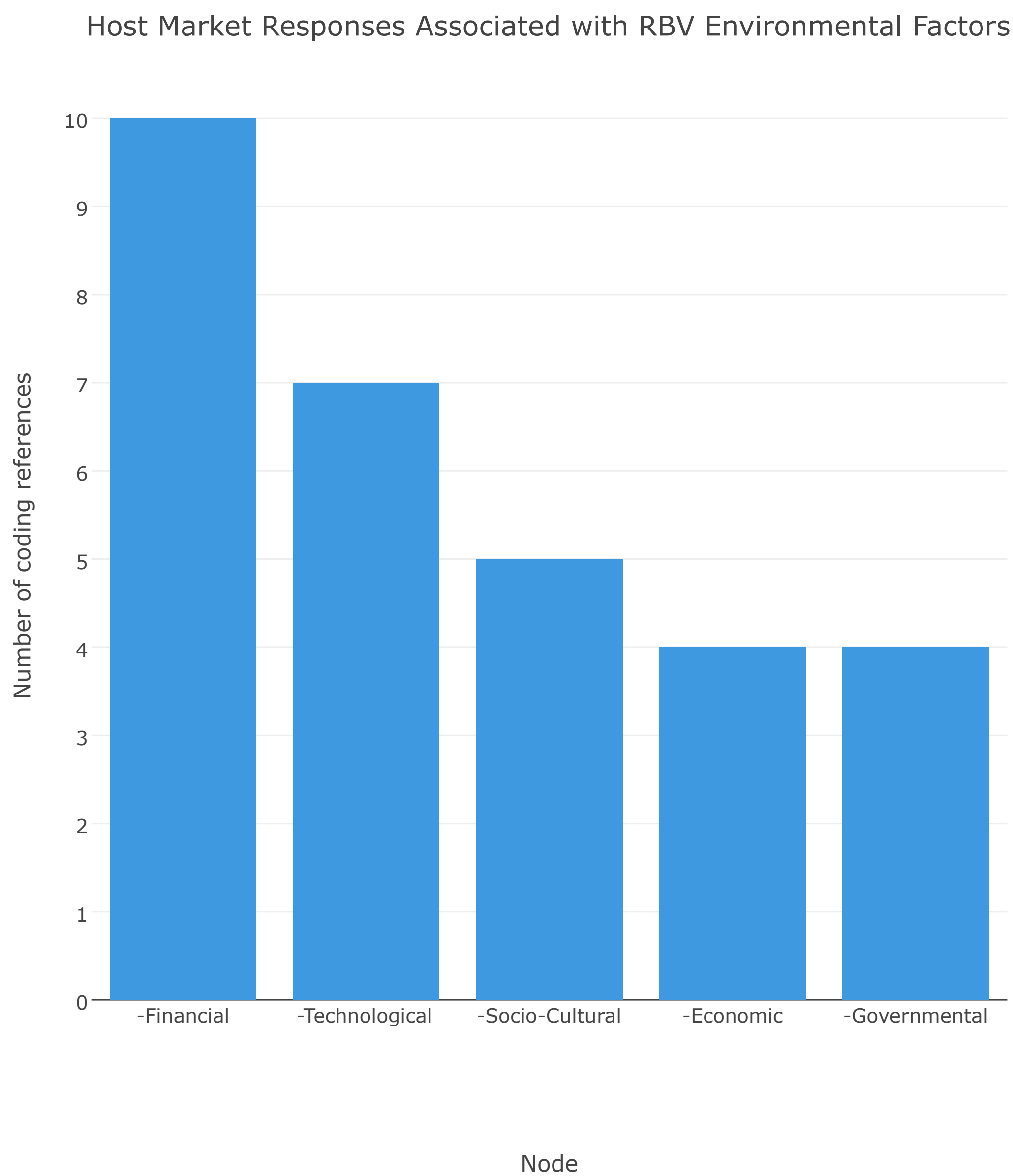
Company Size
Company Trust
Marketing
Networking
Node

Appendix 3a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-Economic
-Governmental
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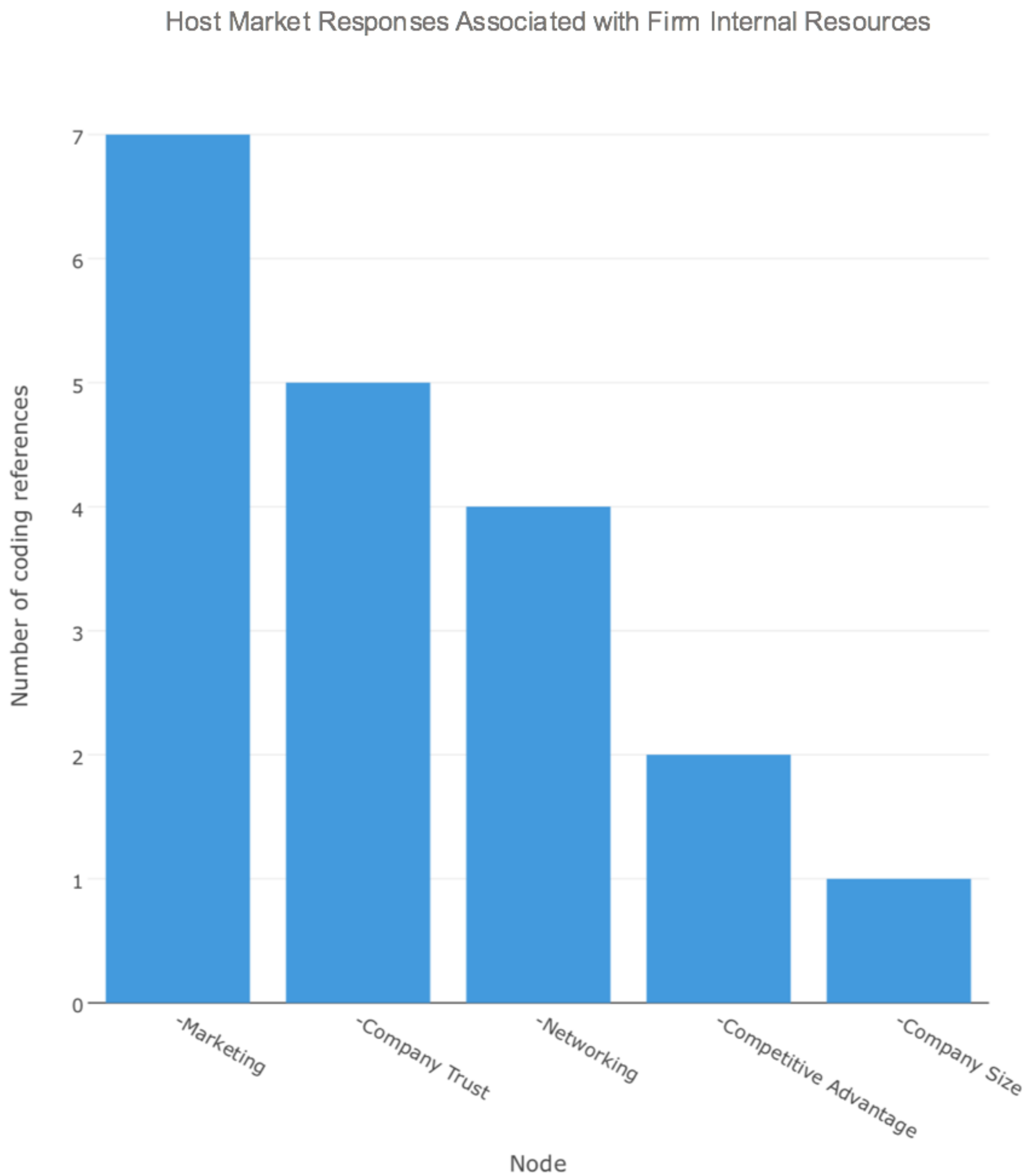
Appendix 3b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6
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-Company Trust
-Networking
-Competitive Advantage
-Company Size
Node