

UNIVERSITY OF GHANA



UNIVERSITY OF GHANA BUSINESS SCHOOL

DEPARTMENT OF ORGANISATION AND HUMAN RESOURCE MANAGEMENT

APPLICATION OF ECLECTIC THEORY OF INTERNATIONALISATION TO GHANAIAN FIRMS: THE CASE OF BLUE SKIES GHANA LIMITED

BY

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THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA, LEGON IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MPhil HUMAN
RESOURCE MANAGEMENT DEGREE

JULY 2020


DECLARATION

I declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other University. All references used in the work have been fully acknowledged.

I do bear the sole responsibility for any shortcomings.


..... **17/03/2021**

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CERTIFICATION

We hereby certify that this thesis was supervised in accordance with the procedures laid down by the University.



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March 17, 2021

Date



DEDICATION

I dedicate this work to my husband and children for their unflinching support towards my
education.



ACKNOWLEDGMENTS

I thank the almighty God for His grace, love and wisdom given to me throughout my studies. His abundance grace cannot be numbered. My sincere thanks also go to my supervisor Dr. Obi Berko Damoah, for his patience, professional guidance, support and encouragement during this study. I really appreciate his efforts. I thank the staff of Blue Skies for the support and volunteering information during the field data collection amid Covid-19. I sincerely thank my husband for his continuous support. Thank you for your immense contributions towards my studies. I am grateful to the HOD and all the faculty members of the department for their support and encouragement. To all my dear friends and mates, I say thank you for your support, encouragement, and prayers.

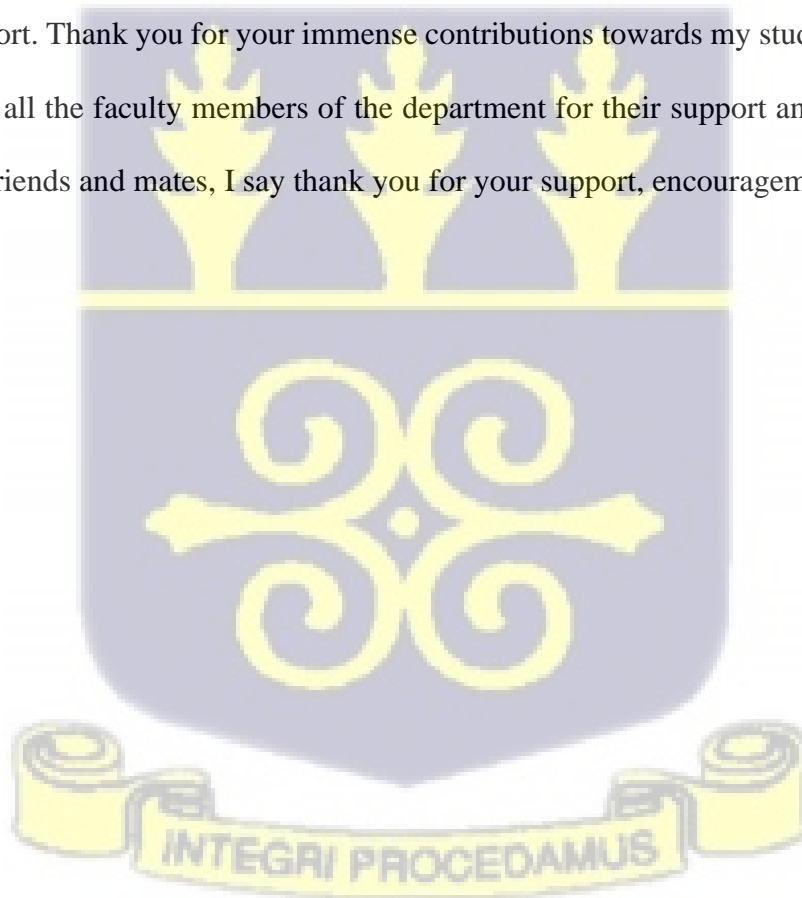


TABLE OF CONTENTS

DECLARATION.....	i
CERTIFICATION.....	Error! Bookmark not defined.
DEDICATION.....	iii
ACKNOWLEDGMENTS	iv
TABLE OF CONTENTS	v
LIST OF ACRONYMS	ix
ABSTRACT.....	x
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background of the Study	1
1.2 Research Problem	3
1.2.1 Theory and Literature Gap.....	4
1.2.2 Practical Gap.....	6
1.3 Specific Objectives	8
1.4 Research Questions.....	8
1.5 Significance of the Study	8
1.6 Organisation of the Study	9
CHAPTER TWO	11
LITERATURE REVIEW	11
2.0 Introduction.....	11
2.1 Internationalisation of firms defined.....	11
2.1.1 Barriers to Internationalisation.....	14
2.2 Theoretical Framework and Factors that Influence Internationalisation	15

2.3 Eclectic Theory of Internationalisation.....	19
2.4 Entry modes of Firms into International Market.....	23
2.4.1 Exporting Modes.....	24
2.4.2 Contractual modes	24
2.4.3 Investment Entry Modes	25
2.5 Empirical Studies on Internationalisation of Firms	26
2.7 Globalisation and Internationalisation of Ghanaian Firms	27
2.7.1 Reasons why Ghanaian firms are Venturing abroad	30
2.8 Conceptual Framework.....	32
2.9 Conclusion	35
CHAPTER THREE.....	36
RESEARCH METHODOLOGY.....	36
3.0 Research Methodology	36
3.1 Research Method	36
3.2 Study Design.....	37
3.3 Case Selection.....	38
3.4 Study Population.....	39
3.5 Sampling Technique	39
3.6 Sample size	40
3.8 Sources of Data	41
3.9 Data Collection	42
3.10 Data Analysis	43
3.11 Ethical Consideration.....	44
CHAPTER FOUR.....	45
ANALYSIS OF FINDINGS AND DISCUSSIONS.....	45
4.0 Introduction.....	45
4.1 Background information of respondents.....	45
4.2 PRESENTATION OF RESULTS	46

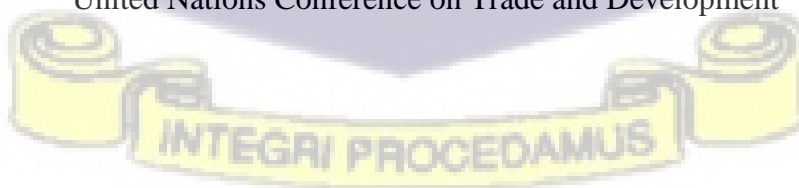
4.2.1 Ownership Advantage of Blue Skies Limited.....	46
4.2.2 Uniqueness of Blue Skies products.....	47
4.2.3 Brand Strength of Blue Skies.....	50
4.2.4 Owner experience and ties	51
4.2.5 Business Model of Blue Skies Limited.....	52
4.3 Location Advantages	53
4.3.1 Access to resources	53
4.3.2 Product Diversification in Host Countries	54
4.3.3 Lower Cost of production	55
4.4 Internalization Advantages	56
4.5.1 Ownership advantages	58
4.5.2 Location Advantages	59
4.5.3 Internalization Advantage.....	60
4.5.4 Analytical framework	62
4.6 Internationalisation Challenge facing Blue Skies	63
4.6.1 Challenges with Air freight.....	63
4.6.2 Over dependence on European Market.....	63
4.6.3 Reduction in Quality due to delivery period.....	64
4.6.4 Change in Consumer preferences	64
4.6.5 Competition from Emerging Companies	64
4.6.6 Foreign exchange fluctuations	64
4.6.7 Environmental Impact of our activities.....	65
CHAPTER FIVE	66
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	66
5.0 Introduction.....	66
5.1 Summary of Research Methods.....	66
5.2 Summary of Key Findings.....	67
5.3 Internationalisation Challenge facing Blue Skies Limited.....	68
5.4 Conclusions of the Study	68
5.5 Recommendations.....	69

5.6 Contribution of the study to Knowledge, Practice and Policy	70
5.6.1 Contribution of the study to Knowledge.....	70
5.6.2 Contribution to practice	70
5.6.3 Contribution to Policy	71
5.7 Future Research Directions.....	71
References.....	72
Appendix I: Interview Guide for Staff at Blue Skies Ghana Limited	81



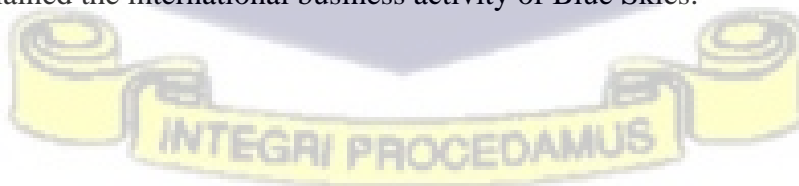
LIST OF ACRONYMS

BS	:	Blue Skies
ECOWAS	:	Economic Community of West African States
EU	:	European Union
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
JEEF	:	Joint Effort Enterprise framework
JV	:	Joint ventures
MNCs	:	Multinational Companies
MNEs	:	Multinational Enterprises
OECD	:	Organisation for Economic Co-operation and Development
OHF	:	Orchard House Foods
OHIM	:	Office of Harmonization for the Internal Market
OLI	:	Ownership Location and Internalization
PEN	:	Produce Ethical Network
RBV	:	Resource Base View
SMEs	:	Small and Medium Enterprises
SMETA	:	Sedex Members Ethical Trade Audit
UNCTAD	:	United Nations Conference on Trade and Development



ABSTRACT

Internationalisation activities of firms have increased significantly over the last two decades due to globalization. In the past two decades, internationalisation activities of firms from merging and developing countries have increased significantly. Internationalisation activities of firms are becoming more and more diverse due to increasing integration of global markets and opportunities in both developed and developing countries. Using Dunning's Eclectic theory of internationalisation, this study examines how ownership, location and internalisation advantages have influenced the internationalisation activities of Ghanaian firms using Blue Skies Ghana Limited as a Case Study. Through qualitative approach within an interpretivist paradigm, this study generated in-depth explanations on the internationalisation activities of Blue Skies. Six managerial staff of Blue Skies were purposively selected and interviewed. The data collected was analyzed using the Miles & Huberman (1994) approach to qualitative data analysis. The findings reveal that Blue Skies possesses certain ownership advantages (O), location, and internalisation advantages that have successfully influenced its internationalisation activities. These advantages have strongly informed its internationalisation activities in subsidiary countries such as South Africa, Egypt, United Kingdom and Brazil and its export countries such as France, Netherlands, Belgium, Denmark Dubai and Switzerland. The study concludes that the eclectic theory (OLI paradigm) has successfully explained the international business activity of Blue Skies.



CHAPTER ONE

INTRODUCTION

1.0 Introduction

This is the introductory part of this research. The background of the study, the problem statement, the study objectives, research questions, and the significance of the study. The scope and organization of chapters are all presented in this chapter.

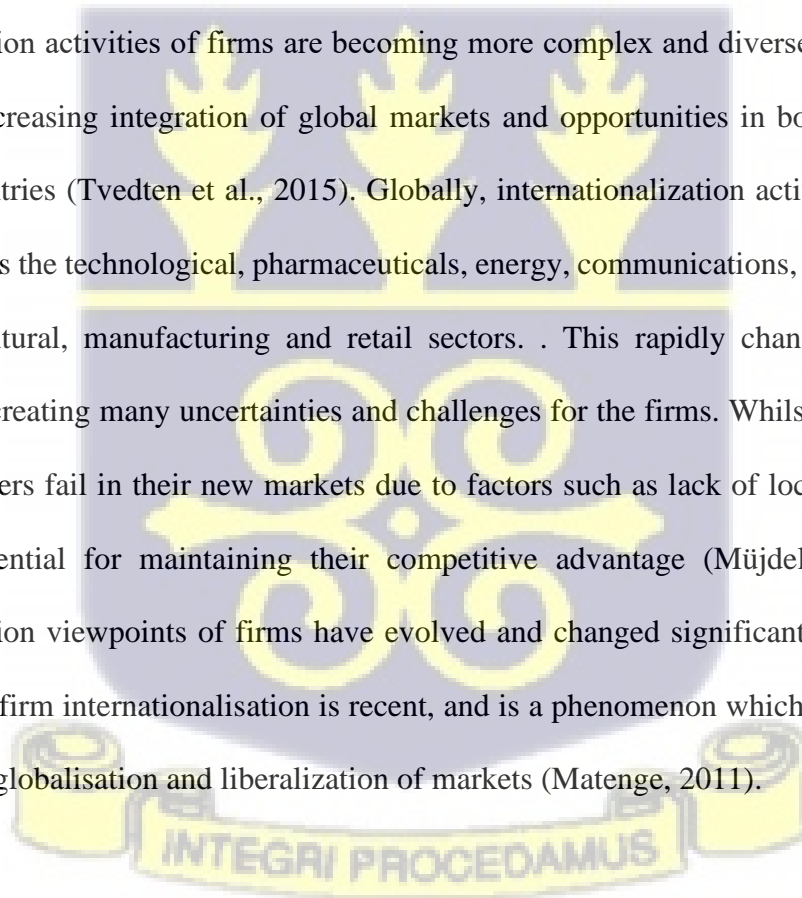
1.1 Background of the Study

Business, economic and industrial activities have increased significantly since the last two decades. The reasons for this are not farfetched as it can be attributed to globalization, flexible home business policies and environment, integration of markets, and the strategy of enterprises to increase value for all stakeholders. All these are hinged on the basic economic theory that “international trade benefits all”. The interest to undertake cross border business activities is not only the desire of firms, but a systemic approach that leads to economic expansion and favourable balance of trade to local economies. This has necessitated the interests of governments, academia, law and policy makers, research, and development institutions.

The term “internationalisation” refers to firm’s expansion of business activities across national borders into different countries, regions or markets (Johanson & Vahlne, 2009; Azuayi, 2016; Schweizer et al. (2010). It is one of the most common strategies that firms adopt for growth (Cerrato and Piva 2012). As indicated by Greening (2006), the expansion of firms into markets in foreign countries is the best way to grow international businesses. In an increasingly globalizing business environment and free trade, many companies are motivated to expand business to

international markets. Firms are therefore extending their business activities beyond national borders into new frontiers and markets in response to highly competitive domestic markets and opportunities in foreign markets (Fabian et al. 2009; Dutot, et al. 2014). There are different motives of firm's internationalisation decision. Johanson and Vahlne (2009) highlighted different factors such as expertise, competences of the firms, networking of the firm, the business opportunities, access to raw material and low -cost of labour as reasons for firms expansion across the world (Bradley (2005;Sapienza et al., 2006, Grunig & Morschett, 2012; Seglah, 2016; Boso et al., 2016; Azuayi, 2016).

Internationalisation activities of firms are becoming more complex and diverse (Chin-Chun Hsu 2006) due to increasing integration of global markets and opportunities in both developed and developing countries (Tvedten et al., 2015). Globally, internationalization activities of firms are varied and covers the technological, pharmaceuticals, energy, communications, financial services, aviation, agricultural, manufacturing and retail sectors. . This rapidly changing international markets is also creating many uncertainties and challenges for the firms. Whilst some succeed in this process, others fail in their new markets due to factors such as lack of local experience and information essential for maintaining their competitive advantage (Müjdelen et al., 2014). Internationalisation viewpoints of firms have evolved and changed significantly over the years. However, small firm internationalisation is recent, and is a phenomenon which has occurred as a consequence of globalisation and liberalization of markets (Matenge, 2011).



Several theories have been proposed to explain internationalisation of firms. Sim & Rajendran Pandian (2007) attribute internationalisation of firms across foreign markets to ownership, location and other internalisation advantages of firms. This underpins the significance of the Dunning's Eclectic theory of internationalisation (Dunning, 1981; 2003). The Dunning's Eclectic theory is one of the most used analytical frameworks for the study of internationalisation process of firms and how ownership, location and internalisation advantages influence those processes. According to Dunning (1988; Dunning, 2001) and Cuervo & Pheng, (2005) the propensity of a firm to engage in international business activities increases if these ownership, location and other internalization advantages are met. The theory indicates that the decision to internationalise relies on the OLI advantages that may be utilized by firms (Pheng & Hongbin, 2006). The theory provides a comprehensive framework to for analysing how ownership, locational and internalisation factors influence participation of firms in the international market (Pheng & Hongbin, 2007).

1.2 Research Problem

The internationalisation activities of firms from developing countries to developed world have increased significantly in scale and scope (Boso et al., 2016; Ibeh et al., 2012). Increasingly, the attention to the emergence of internationalisation of firms from developing countries to developed world has moved to centre stage of globalisation (Yoo & Reimann, 2017, Turner & Johnson, 2007; Damoah, 2018). The global environment for internationalisation is also changing rapidly due to increasing internationalisation of firms in developing countries and emerging economies.

The United Nations Conference on Trade and Development (UNCTAD) (2008) indicates that the internationalisation activities of emerging firms from Africa in particular have shown significant

growth rates in recent years. The increased level can largely be attributed to globalisation and the ability of African firms to overcome institutional challenges that characterise African firms (Boso et al., 2016). Firms in Africa are now emerging as serious competitors in international markets; where, international business activities have been historically controlled and dominated by multinational firms from developed countries (Adeleye et al., 2018). This research has identified two gaps – theory and literature, and practical gaps.

1.2.1 Theory and Literature Gap

The theoretical perspectives for the study of internationalisation and international business activities firms in the developed countries have not effectively mainstreamed internationalisation studies from developing countries. According to van Tulder (2010), the assessment of the advantages of the emerging markets from developing countries do not need the development of a completely new theory but can be explained by existing paradigms such as the eclectic theory by Dunning. Vélez (2013) reveals that there is inadequate application of theories to explain the internationalisation activities of firms from developing countries to developed world. Knight and Liesch (2015) called for a strong need to deepen knowledge on rapidly internationalising firms in developing world, which are widespread and succeeding at the international level. Literature consists of the constituents of internationalisation although not many in Africa and Ghana. Similarly, there are different models that have been applied by advanced economies and which have yielded successful internationalisation outcomes. The successes of developed economies are based on proper application of business growth, development and economic theories. Developing economies lag behind in proper understanding and application of such theories to affect the rate of business and economic growth. Whiles decomposing theories of internationalisation, particularly

the eclectic theory, proposes a conceptual framework that helps to breakdown the understanding and application of such theories in business practice. Unfortunately, application of eclectic theory in the internationalisation of Ghanaian enterprises has not been much researched. This study therefore seeks to drive such research activities in applying well accepted theories of business development.

Although researchers have extensively studied internationalisation activities, strategies and processes of firms, much of the studies have focused largely on multinational enterprises (MNEs) from developed countries to developing countries (Turner & Johnson, 2007). A number of studies have analysed internationalisation activities of firms from developed world to developing countries (Vélez, 2013; Crespo & Fontoura, 2007; Moran, Graham, & Blomström, 2005). This plethora of the studies have mainly explored the internationalisation strategies and success factors of multinational firms across countries. Most cited publications (Fan, 2003; Turner & Johnson, 2007; Ghauri & Yamin, 2009; Moran, Graham, & Blomström, 2005) tend to view internationalisation as a downstream activity focusing mostly on multinational companies carrying out foreign direct investments in developing countries. Also, most of these early empirical studies have focused on manufacturing and exporting firms. According to Hennart (2015), there is the need for more studies to investigate the business expansion firms from developing countries to developed world. Thus, studies on the internationalisation activities by firms in developing countries to developed world has received little attention.

In the context of internationalisation of African firms, it appears little studies have been done (Baffour-Awuah et al., 2013; Che et al., 2011; Demeke & Tsoka, 2015; Hansen et al., 2015, Ibeh

et al., 2012). A couple of studies on developing countries have focused on the effectiveness of internationalisation strategies for both service industries such as banking and educational sectors among others (Knight, 2004) as well as products such as IT supplies and electronics (Su, 2013; Sim & Rajendran Pandian, 2007), textile (Sim & Rajendran Pandian, 2007) and automobiles (Jürgens, 1992).

According to Seglah (2016), there is limited research into the internationalisation activities of emerging Ghanaian firms in the developed world. A couple of studies (Kuada & Sorensen, 1999; Baffour-Awuah et al., 2013; Damoah, 2011; Abor, 2011; Hinson & Sorensen, 2006; Abor & Hinson, 2005) have attempted to delve into the internationalisation of Ghanaian firms and revealed that Ghanaian firms have not been active in developed economies due to internationalisation barriers such as weak international exposure, poor product quality challenges and financial constraint. Most of these studies have also focused on direct exporting and service firms to West African Market. Damoah (2018) for instance recommended the need to improve export participation of firms from Ghana as entrepreneurial orientation. It appears there is very little literature on internationalisation activities by Ghanaian firms to foreign markets.

1.2.2 Practical Gap

For a long time, Ghana's economy has been built on operations of multinational organisations and heavy import of goods and services. These have adversely affected the rate of economic growth, while plunging the currency of the country into serious instability. Although the manufacturing sector is a key component of the GDP of the country, the contribution of the sector has not been able to influence economic growth in a very significant way due to the smallness of the market size in Ghana and most importantly the lack or inability of manufacturing enterprises to embark

on cross-border expansion, which will lead to increased profits, better welfare and incentives for labour, increase in businesses of allied enterprises, etc.

In view of the rapid increase in internationalisation activities of firms from developing countries to developed world in recent years (Knoerich, 2017), there is a need to examine the ownership, location and internalization advantages of these firms. The traditional theories of the multinational firms, supported by business economists for several decades, are led by the conventional thinking that the multinationals already possessed some firm-specific advantages in developing countries (Dunning, 2001; Hymer, 1976; Vernon, 1966). However, with the increasing internationalisation activities of firms emerging from developing countries to developed world (Sauvant, 2005; UNCTAD, 2006), research that focuses on internationalisation needs to be revisited.

Blue Skies represents one of the success stories of internationalisation activities of firms emerging from developing countries to developed world. Started in 1997 in Ghana, Blue Skies currently has over eleven (11) subsidiaries in Africa and Europe. With firms such as Blue Skies Company now emerging as important firm in the developed and developing world, there is a need for studies to also focus on the internationalisation activities of firms from Africa to developed countries. The company has been recognized globally with prestigious awards for their remarkable achievements at the international level and in their host countries. Drawing on *Dunning's Eclectic Theory* of internationalisation, this study seeks to examine how ownership, location and internalisation advantages have influenced the internationalisation of Ghanaian firms in the developed world using Blue Skies Ghana Limited as a Case Study.

1.3 General Objectives of the Study

This study seeks to broadly contribute to existing literature and proffer some recommendations for manufacturing firms in Ghana. The general objective of this study is to understand how the eclectic theory is being applied in the internationalisation drive of Ghanaian firms using Blue Skies Ghana limited as a case study.

1.3 Specific Objectives

Specifically, this study seeks to:

1. Examine the ownership, location, and internalisation advantages of Blue Skies.
2. Assess how these OLI advantages, influence the internationalisation activities of Blue Skies.
3. Examine the internationalisation challenges of Blue Skies.

1.4 Research Questions

The research questions guiding the research objectives are as follows:

1. Does Blue Skies have ownership, location and internalisation advantages?
2. How do these OLI advantages influence the internationalisation activities of Blue Skies?
3. What challenge(s) is/are Blue Skies facing in its internationalisation activities?

1.5 Significance of the Study

The main purpose of this research is to examine the internationalisation drive of Ghanaian firms in the context of the eclectic theory. This study contributes to the literature on internationalisation of Ghanaian firms at the national and international levels. It also contributes to existing body of scientific knowledge on the application of the eclectic theory to internationalisation of firms from

developing economies to developed economies. This study promotes a better understanding of internationalisation activities of firms in developing countries. This study presents a new perspective of internationalisation of Ghanaian firms by outlining relevant framework and policy for addressing the internationalisation challenges of Ghanaian firms. The study serves as a useful source of reference for understanding the internationalisation strategies of emerging African firms from various perspectives, the enabling factors for their choice, and its implication on strategic human resource management and practice. In this view, the study addresses two main gaps – research and practical. Research gaps emanates from the lack of adequate research available on the subject matter in respect of internationalisation activities of emerging enterprises in developing economies. Practical gaps address the sluggishness, lack of knowledge on the right approach to launch products and services in foreign markets and the challenges that inhibits cross boarder expansion of local enterprises.

1.6 Organisation of the Study

The study has been presented in five chapters. Chapter one is the introduction to the study. Issues such as the statement of the problem, the research objectives, research questions and significance of the research are presented. Chapter two presents an extensive review of literature on internationalisation. It covers the theoretical and empirical literature pertaining to internationalisation of firms. Various definition of internationalisation have been discussed in detail as well as the drivers of internationalisation and internationalisation by African countries and Ghana. The theoretical foundation, empirical literature and the conceptual framework that underpinned this study is presented in this chapter. Chapter three is the methodology adopted for this study. It covers the underlying paradigm, the approach, design, sampling techniques and the

justification for the choice of the methods used. In chapter four the findings and discussion of results are presented. The last chapter is the summary of key findings, conclusions and recommendations, contribution to research and future research directions.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

For the purposes of positioning this study within the existing body of knowledge, there is the need for a review of prior literature and appropriate theory that could be used to explain the phenomenon. This chapter presents literature pertaining to internationalisation of firms and the application of Eclectic Theory. Various definitions of internationalisation, the drivers of internationalisation are discussed. The chapter also presents Dunning's Eclectic theory which is the underpinning theoretical foundation and empirical literature of the study. In addition, the conceptual framework that underpinned this study has been presented.

2.1 Internationalisation of firms defined

The definition of internationalisation has been the subject of much debate among researchers and scholars of different schools and theories. According to Hollensen (2004), internationalisation is a process where a company increases its international business, supply, production, sale, marketing and other business-related activities to the international markets. Internationalisation is defined by Beamish (2001) as a process through which the company increase their business activities at the international level.

In order for a business to successfully internationalise, it must make changes in its business model in terms of resources and strategies to suit that of the foreign markets within which it intends to expand. In the view of Fletcher (2004), internationalisation is determined by factors such as

changes in the environment's international affairs. Later Johanson & Vahlne (1977) defined internationalisation as gradually increase in the activities of firms at the international level. It is the product of a series of stages of incremental decisions and thereby identified elements of successful decision situations shared in public in order to develop a model of internationalisation process (Johanson, & Vahlne, 1977). Welch & Luostarinen (1988) define internationalisation as a concept which involves increasing involvement in international activities. Azuayi (2016) also described internationalisation as an increase of business from its home market into foreign markets. There is no single and universally accepted definition of internationalisation as various definitions mostly define the concept of internationalisation from a different aspect of international activities of firms.

Some scholars claim the expansion of companies provides a platform for internationalisation and the concepts of internationalisation and growth are interlinked (Buckley & Ghuari, 1999). However, Ruzzier et al. (2006) indicate that "some features are exclusive to internationalisation or, at least, there are important degrees of difference between home growth and international growth "(Ruzzier et al. 2006).

Calof and Beamish (1995) defined internationalisation by emphasizing the adaptation of company's internationalisation activities to global environments. The resource-based view argues that internationalisation is "the process to mobilize, accumulate and develop reserves of resources for international activities" (Ruzzier et al. 2006).

It is important to note that studies on internationalisation are hinged on several approaches as presented in Figure 2.1 According to Reid (1981) companies moved from consciousness (from export potential) to evolution (from initial export result) and acceptance (to export as a good thing).

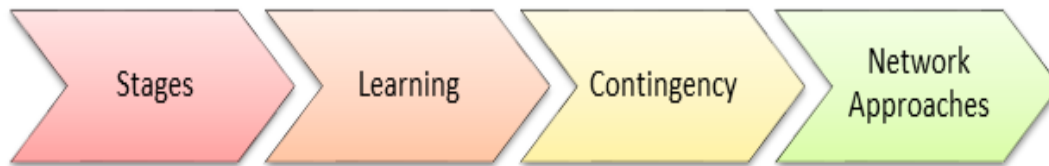


Figure 2-1 Approaches to internationalisation of firms

Source: De Burca et al. 2004; Johanson, Mattsson 1993; Okoroafo 1990

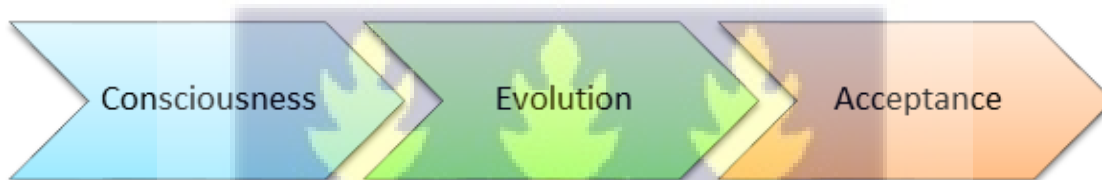


Figure 2-2 Internationalisation of firms (Export)

Source: Reid, (1981)

According to Okoroafo (1990), the contingency approach to internationalisation also presumes that the company assesses and reacts to an opportunity that arises, irrespective of whether the market is close in the psychic distance or if advanced access is needed. Network emphasizes on the role of connections and relationships in international business. Chetty and Blankenburg-Holm (2000) affirm that internationalisation occurs through the creation of networks and relationships with partners in host countries, through innovations and increased knowledge. The internationalisation of companies is an integrative approach to design networks and positions in networks of several countries. Therefore, the firm's success at the international market depends on its links and connections in the global market. However, to explain the internationalisation of

firms, integration of approaches is needed for a better knowledge of internationalisation (Coviello, McAuley 1999).

Similarly, Dana, Etemad and Wright have proposed the combination of variety of theoretical frameworks, including the theatrical approach, and network approach (Dana et al., 1999). Bell et al. (2003), recognize "the explanatory value of the emergency approach and allied resources- based theories ".

2.1.1 Barriers to Internationalisation

A number of barriers hinder firm expansion to the international markets. These barriers include lack of knowledge, lack of resources, operational and other challenges that limit the capacity of a firm to start, develop and embark on its internationalisation. Some scholars have pointed out that entry barriers are significantly higher for Small and Medium Enterprises (SMEs) than for large firms (Hutchinson et. al 2009). The main basic assumption by academics is that small firms often do not have resources and required skills which in effect limit their ability to take advantage of business opportunities. Meanwhile, these obstacles alone "are not enough to act as preventive measures to prevent the company from entering and progressing through the various stages of internationalisation" (Fillis, 2002). However, the objective of understanding these limitations and proposing appropriate measures to deal with these limits has attracted significant consideration by researchers. Meanwhile, the new entrant companies create endogenous barriers through their market strategies and behaviours. In particular, external barriers include activities of competitors in foreign markets and the perception of increased risk in foreign markets, lack of knowledge of

the market and how it operates, lack of training in export and government assistance (Johnston and Czinkota, 1985). Finally, the most important external factors include lack of export incentives by the government, the demand factor abroad, low domestic demand or overcapacity and the reduction of production costs.

2.2 Theoretical Framework and Factors that Influence Internationalisation

Within the internationalisation literature, there are a couple of conventional theories used by international businesses to explain internationalisation of firms. These include Stage Model (Uppsala), Resource Based-View, among others. However, the main theory that supports this study is the **Dunning's Eclectic Theory**. This theory has been explained in detail to guide the research process.

2.2.2 Stage Model-Uppsala model

Incremental internationalisation or Uppsala model, was propounded by Johanson and Vahlne. This model mainly suggests that the internationalisation is an incremental process and involving four stages of market expansion:

- i. there are no formal export activities;
- ii. export through private representatives.
- iii. establish sales branches
- iv. direct manufacture

Furthermore, Johanson and Vahlne (1990) present the "psychic distance" to explain how firms decide which countries to expand to. The two primary points of this theory according to Solberg (2006) indicates that at the beginning of an internationalisation process, firms often prefer the

closest markets in terms of culture and distance. Secondly, firms usually begin their operations with minimal expenses. According to the model, firms are first required to gain experience in the national market so that they can increase profits before internationalisation activities. According to the Uppsala model, the main difficulty of the internationalisation process is the volatility deriving from the lack of know-how.

Notwithstanding the views expressed above, it is very vital to classify the factors that influence internationalisation. The business process concept was the first means to distinguish the sixteen (16) internationalisation factors Hollensen (2007). The sixteen key elements have been classified into four groups of factors as follows:

- i. Desired model
- ii. Specific factors of the transaction,
- iii. External factors and
- iv. Internal actors

Indeed, the main factors driving internationalisation are stagnation of the national markets and decrease in demand for a specific product. Other drivers of internationalisation focus on market integration and need for international transactions and investments (Hollensen, 2007). It is important to examine the internationalisation theories used by firms to develop their own internationalisation strategy by exploiting its advantages depending on the sector in which they are located or operating.

Static aspects of internationalisation include market knowledge and market engagement for the resource foreign market engagement and foreign market data and knowledge. First, *market knowledge* is of great interest so far as internationalisation process is concerned. This is because, of risks and market opportunities as the main decision factors when a company intends to expand abroad. Secondly, the evaluation or the assessment of an international market is based on a specific knowledge of the market environment. In general, the market knowledge must be considered before making a decision on internationalisation. Specific knowledge of the market on the other hand refers to the characteristic of the special national market, its economic climate, cultural models and characteristics of individuals (Johanson and Valhne, 1997). *Market commitment* also influences the internationalisation process and it is based on two main factors although other factors might come into play.

2.2.3 Resource Base View (RBV)

Another important theory of internationalisation worth noting is the Resource Base View (RBV) theory. As Cumberland suggested, the RBV sees the company as having unique resources and capabilities that are very critical for business expansion. The internationalisation strategy also depends on the strengths and abilities of firms (Cumberland, 2006). Firms are required to take into account the demand of market and these resources. According to Rothaermel (2008), the RBV considers resources as important criteria for assessment of a firm's performance. If a resource has value, it is rare and inimitable and organization (VRIO), it allows the firm to acquire and maintain a competitive advantage.

Finally, resources RBV considers the limits, the growth and diversification decisions of companies as the main basis of competitive advantage of the company. The RBV theory considers a company as an entity with an inimitable package of tangible and intangible resources (that is, attributes, processes, resources, knowledge and managerial skills) that improves the efficiency and effectiveness of that company (Wernerfelt, 1984; Barney, 1991). The theory also indicates that the main drivers of a company's export performance are its internal organizational resources, which makes it unique and different from others.

In addition, Wernerfelt (1984) emphasized that resources of a company represent anything tangible or intangible that can be considered as either the strength or weakness of that company because it is related to its operations. These resources may include brands, skilled labour, knowledge and technology, commercial contracts and plants and machinery. Consequently, other researchers (see Roth et al, 1995; Teece , 1996; Francis and Collins-Dodd, 2000) who supported the theory of resource-based view consider a resource as any available resource available to a company that describes its strengths or weaknesses within a specific period (Collis, 1991). Barney (1991) formalized the theory of RBV, indicating that the heterogeneous nature of companies is due to the fact that the resources and capabilities used in the production process vary between companies. Barney (1991) also stated that the resources and capabilities of companies contain several reserves of resources that have unusual, immovable, inimitable, valuable and non-replaceable characteristics. According to Barney (1991), depending on the capacities and resources available, companies can generate a competitive advantage in the national and international markets in which they operate. Therefore, the resources of a company were classified according to physical capital

(plant, machinery and land), human capital (education, formal training and experience of workers) and capital (export planning and communication systems).

In addition, in international affairs, the resource-based view has recently become a widely used theory with immense contributions from many researchers (see Roth, 1995; Teece et al., 1997) throughout the world. According to Roth (1995), the conceptual framework of the RBV can be used to conceptualize companies as entities that have inimitable shares of accumulated tangible and intangible resources. Material resources are classified into two groups, physical resources (plants, equipment and raw materials) and financial resources available to a company, while intangible resources can also include technology, reputation, human resources, training, culture and experience of the company's employees (Roth, 1995). He further argued that the skills and knowledge (human capital) available to a company can play an important role in correcting deficiencies in the stock of resources and can represent possible sources of competitive advantage for an internationalised company.

2.3 Eclectic Theory of Internationalisation

This section explains the *Eclectic Theory* (paradigm) of internationalisation which underpins this study. In a series of publications (Dunning 1979, 1980, 1981, 1988, 1992, 2000), the eclectic theory was developed. The eclectic theory analyses whether a firm should expand abroad through foreign direct investment. According to Ekeledo and Sivakumar (2003), the Eclectic theory is used for analysing internationalisation of firms' activities. The theory explains why multinational firms exist and why they have succeeded than firms in the host countries (Dunning, 1988, Dunning & Wymbs, 2001).

The eclectic paradigm also argues that firm's internationalisation decision is motivated by three main advantages. These are the ownership (O) advantages, locational (O) advantages of a market, and the firm's internalisation (I) advantages (Czinkota & Ronkainen, 2004). According to Dunning (2000), these three advantages may motivate a firm's decision to expand its business operations to other countries. The eclectic theory draws on three important requirements that can influence the firm's decision to expand its business activities abroad. These conditions are: i) having ownership or patent advantages relative to indigenous rivals; ii) new markets offer firm resource attraction and endowments; and iii) advantage of internalising production than franchising or outsourcing to third parties. From the perspective of risk diversification theorist, the eclectic strategy has also been criticized as not always reliable as firms would prefer to "diversify their risk and distribute their portfolio of activities accordingly" (Rugman, 1979). This is because different firms may, among others, elect to assess the circumstances surrounding an investment opportunity in a new market differently based on their attitude towards risk and perhaps their perception of the risk. According to Dunning, a company needs all three advantages in order to be able to successfully internationalise. The firm's advantages are explained in subsequent sections.

2.3.1 Ownership Advantages

The ownership advantage describes any specific investment or asset of a firm such as innovative products, brand, reputation, manufacturing or distribution process and better management know-how that provide an edge over their competitors. These Specific ownership advantages enable firms to gain more competitive or monopolistic advantage (Dunning, 1988). These include not

only intangible assets of the firm, they also include brands and uniqueness of products, and management skills.

The ownership advantages distinguish the company from other firms in the host country, which enables the company to engage in FDI and still make positive profits (Dunning, 2000; Dunning & Narula, 2004). According to Dunning, these ownership advantages may be transferred to the host country. However, in the interest of the firm, certain advantages will benefit the company if they are managed within the firm especially the organisational and entrepreneurial capabilities of the managers of the firm, their expertise in foreign market and their networking. These advantages can also be transferred to other countries support the firm's development (Eden & Dai, 2010).

2.3.2 Locational Advantages

Locational advantages are the advantages in the specific country within which the company intends to operate. The advantages include access to natural resources or other factor endowments that make a country attractive to firms (Dunning, 1988). These location or country specific advantages also include input prices, quality and productivity of different factors, transport and communication costs, infrastructure, government intervention, tax rates, investment climate, and marketing (Dunning, 1979). Rick and Baack (2012) explained how these location advantages can affect managers decision when deciding the investment location of their companies.

Analysing these location advantages enable firms proceed with their decision of which country to engage in internationalisation. Firms will prefer to remain domestic and export if is not profitable to move abroad to engage in international production. It must be profitable for firms to expand its

business activities abroad in terms of monetary gains (Rugman, 2010). In selecting the location to expand business, firms analyse these location specific factors which have influence on international decision making considering the transaction costs.

2.3.3 Internalisation Advantages

Internalisation advantages (I) indicate that a company will consider internalising its advantages and activities in a foreign country if it is more profitable than to subcontract them to other companies in the host country. In other words, if the company realizes it will be more profitable to produce within firm's business operations in a cross-border market rather than exporting, they will prefer FDI (Dunning & Lundan, 2008). For instance, firms with highly unique products which with strong property rights will prefer FDI rather than licensing in countries with weak laws and institutions to protect their patents (Dunning, 2000).

The Eclectic Theory recognises the importance in each of the three advantages, which can change depending on the market and country. For instance, ownership advantage may be more important in one country than in another (Dunning, 2010). As shown in Table 2.1, those ownership advantages must combine with the advantages of internalising operations in an optimal location.

Table 2.1 Type of firm advantages and entry modes

		Type of Advantage		
		Ownership	Internalization	Location
Mode of Entry	Licensing	√	*	*
	Export	√	√	*
	FDI	√	√	√
	JV	√	*	√

Source: Author, 2020

Table 2.1 shows that a firm's entry mode will be determined by the composition of the three advantages (OLI). Depending on the kind and level of advantage, a company may adopt any of the four entry modes to do business on the international market. For example, a firm will prefer to engage in FDI if all three criteria are fulfilled.

2.4 Entry modes of Firms into International Market

This section discusses the entry modes of firms abroad and determinants of entry modes. International business entry mode is a comprehensive plan indicating goals, objectives, resources and policies that will guide the international business activities and operations for a long period of time (Root, 2012) to enable the firm to achieve its broader expansion. Selecting the best method for entry into a foreign market is an important factor in the success of international business. There are different ways through which business enters international market (Koch, 2001; Ekeledo, & Sivakumar, 2004; Sadaghiani et al., 2001; Tulung, 2017). The different entry modes vary from full direct investment, joint venture, licensing or contractual. Each of entry modes has its own advantages and disadvantages which makes it significant in different business situations. The choice of appropriate entry mode has important consequences on a firm's performance and sustainability at the international market (Brouthers & Hennart, 2007; Bandick & Sanneh, 2018).

A firm may choose direct exporting as the most appropriate strategy in one market while in another, a company may need a joint venture or license its business operations. There are a number of factors that affect a firm's choice of strategy for entry into international market. These include tariffs, marketing and other transaction costs. While these factors may increase a firm's costs, it is

expected that the increase in sales will offset these costs. The modes are discussed in three main groups, namely exporting modes, contractual modes and investment modes.

2.4.1 Exporting Modes

Exporting directly is the most basic mode of entry for firms by take advantage of the economies of scale in production in the home country and affording better control over distribution (Salomon & Shaver, 2005; Peng, 2009). This also involves selling directly to an importer or buyer located in a foreign market (Albaum & Duerr 2008; Baines & Fill 2014) and requires very little or no knowledge about the foreign market.

According to Wach (2015), exporting has a very low risk as compared to other entry modes and for most companies this the only form of international engagement. This occurs when firms have reached their full capacity in the domestic market and have reached full volume of production, as well as surplus production. Indirect export is where some other entity handles the distribution and marketing of the company`s product in the market (Hollensen, 2007).

2.4.2 Contractual modes

Contractual entry modes relate to contractual arrangements with foreign partners especially manufacturers. These contractual arrangements are mostly between the firms. One from the domestic market and the firm that licenses its intangible assets in the foreign market (Bradley 2005). These modes include licensing, franchising, and subcontracting.

2.4.3 Investment Entry Modes

An investment entry mode is also known as sole ventures (Root 1994:6). It is also known as Foreign Direct Investment (FDI). Chung & Enderwick (2001), solely owned subsidiary (Agarwal & Ramaswami (1992) and wholly owned subsidiary Chung & Enderwick (2001). A common element of investment modes is the physical and the constant presence of international businesses in foreign markets by making the investment in the form of setting up their foreign branches or foreign subsidiaries (partially or fully depended).

Foreign Direct Investment

Foreign direct investment (FDI) is another mode of entry into international market. This is usually the last stage of the internationalisation process when a firm is convinced is appropriate to engage in FDI. FDI is an internationalisation strategy where a firm decides to establish a subsidiary abroad by obtaining productive assets including technology, capital, plant, and equipment. The Organization for Economic Co-operation and Development (OECD) defines foreign direct investment (FDI) as *“a category of investment that reflects the objective of establishing a lasting interest by a resident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is resident in an economy other than that of the direct investor”*. FDI is a strategy approach according to Chung & Enderwick (2001).

International Joint Ventures

Joint ventures (JV) are partnerships involving a third independently managed firm. According to Ning (2008), globally firms have significantly increased the use of joint ventures to expand their businesses abroad.

In JV, ownership and profit of an entity is shared between two partners located in domestic market and the other located in the foreign market. One firm might have the financial resources with technical expertise (Baines & Fill, 2012). Risks and profits are normally shared equally. An international joint venture is a particularly useful strategy in those markets where the culture, both business and social, are substantively different as local partners bring local market knowledge, contacts and if chosen wisely, customers.

2.5 Empirical Studies on Internationalisation of Firms

This section highlights some empirical studies on internationalisation within the framework of the Dunning Eclectic Theory. Brouters et al., (1996) examined the entry-mode selection activities of SMEs and the impact of Ownership and Locational Advantages on the choice of entry-modes in the computer software industry. They found that ownership and locational advantages influenced the entry-mode choice (such as licensing, franchising, exporting or FDI) of small and large firms.

This study also confirms the applicability of the eclectic theory of internationalisation to the services industry. Stensaker & Larsen (2011) studied the internationalisation process of an entrepreneurial start up and identified the most critical factors and entry mode strategies by the SpiderCloud Wireless Inc.

Cantwell & Narula (2001) examined the growth of multinational activity for two decades using the eclectic paradigm. They found that globalization and internationalisation have increased the interactive dynamics between and among 'O', 'L' and 'I' characteristics. The study also revealed that the efficient exploitation of multinational companies (MNCs) ownership advantages and the

continual need to augment and sustain their competitive advantages is ever more crucial, leading to a complex interdependence between ownership and location advantages.

Ferreira et al., (2011) examined John Dunning's Eclectic influence in the internationalisation of firms over the past three decades. The study found that the Eclectic paradigm are linked to other theories and concepts such resource-based view and transaction costs. Vélez Ocampo (2013) study on the internationalisation of multinational firm explains how Ownership, Locational and Internalization (OLI) advantages internationalisation of Bimbo's international operations globally. The study found that the company's commitment and involvement in foreign markets seem to be explained by its specific endowments at the domestic level, its internalization behavior and its multi-nationality.

2.7 Globalisation and Internationalisation of Ghanaian Firms

The process of globalisation has resulted in the growing and accelerated process of internationalisation of small-scale firms in Ghana (Ofei, 2005). In recent years, local firms, and SMEs in Ghana are taking advantage of the globalisation process to expand their activities abroad. For instance, Seglah (2016) studied the internationalisation of Ghanaian service companies within ECOWAS to determine the key strategies adopted by these companies when expanding their operations abroad. He confirms the effect of globalisation on local firms. The study also indicated very limited literature on the key internationalisation strategies of emerging Ghanaian firms although a couple of studies have focused on exports by some firms in Ghana. A couple of studied have focused on some aspects of export market in Ghana including strategies of Ghanaian firms

(Kuada, 2005; Kastener, 2005; Ofei, 2005; Narteh, 2005; Kuada and Thomsen, 2005, Damoah, 2011).

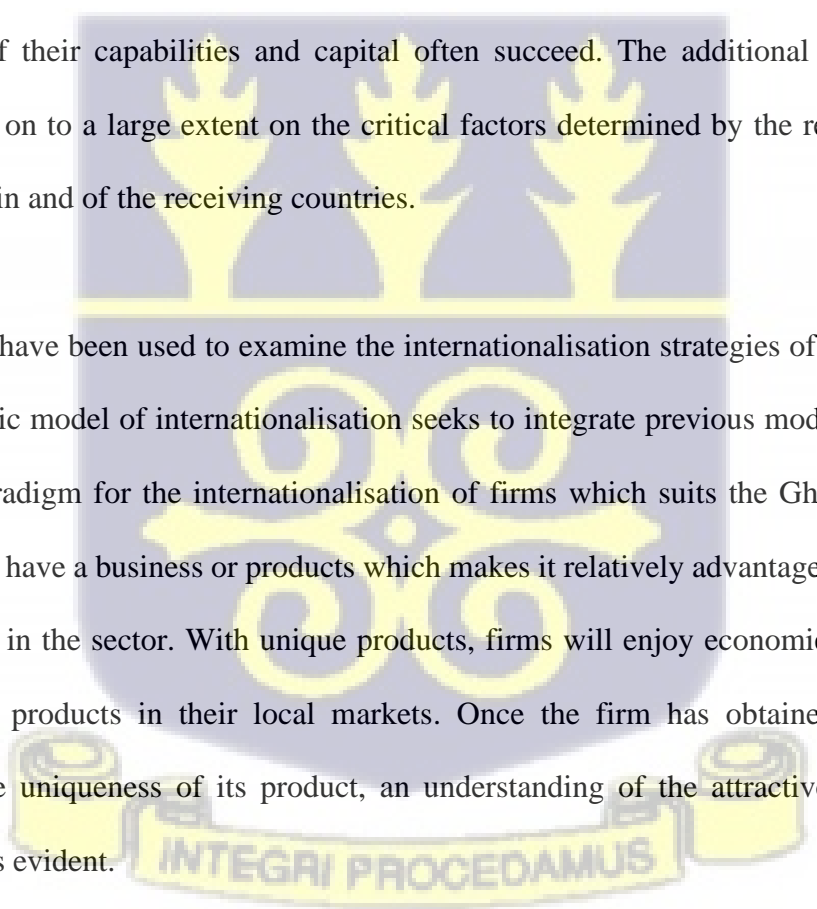
A few studies have sought to investigate the internationalisation strategy of Ghanaian firms. These studies have revealed that Ghanaian firms have not been active in developed world due to internationalisation barriers such as weak international exposure, poor product quality challenges and financial constraint. Success or failure of a company depends largely on the internationalisation processes (Fiechter et al, 2011). Companies in Ghana have increased their internationalisation activities in developed world through the exports, joint ventures and FDI (Cerutti et al, 2007) and the export of capital to new markets through cross-border supply ((Detragiache, et al., 2006). Ghanaian firms mostly acquire their multinational status by controlling business operations and activities in foreign countries. Multinational companies operate extrinsically in the open sea or to protect themselves from internal competition or take advantage of their competitive advantages. Although, there are several publications that support the reasons why Ghanaian companies transcend their national borders, the internationalisation process of each company differs. Yet, it is widely speculated that Ghanaian companies' efforts to internationalise originated primarily based on their corporate clients (Detragiache et al., 2006; Claessens and Horen, 2009; Maechler et al, 2009).

Weller (2000) confirmed the claims that a long-term relationship between international and multinational companies in Ghana will produce a uniform advantage for all parties. Yepifanov and Shpyh (2006) indicated that Ghanaian companies that intend to internationalise or has internationalised are mostly able to establish strong links between their subsidiaries and branches.

In other words, a company can expand internationally as a subsidiary in view of certain socio-political and economic variables that are critical for both domestic and new markets. More recently, with the support of researchers, it is considered that the internationalisation of Ghanaian companies is multiplying and the reason can be as a result of the desire of such companies to expand their market bases, make more profit and raise the standard of their subsidiaries.

Ahmed (2012) argued that Ghanaian companies that intend to internationalise should take into account the attractiveness of foreign markets, how much better products can be produced and the cost of entry. He adds that Ghanaian companies that have been globalised for reasons related to the expansion of their capabilities and capital often succeed. The additional motivation of a company hinges on to a large extent on the critical factors determined by the regulations of the countries of origin and of the receiving countries.

Several theories have been used to examine the internationalisation strategies of Ghanaian firms, Dunning's eclectic model of internationalisation seeks to integrate previous models and provides an analytical paradigm for the internationalisation of firms which suits the Ghanaian situation. Companies must have a business or products which makes it relatively advantageous compared to other companies in the sector. With unique products, firms will enjoy economies of scale when producing these products in their local markets. Once the firm has obtained its ownership advantage of the uniqueness of its product, an understanding of the attractiveness of foreign markets becomes evident.



In the case of Ghanaian manufacturing industry, there are several ways in which firms can engage in internationalisation, including exports, associations, subsidiaries, branches, etc. On the contrary, some of these approaches tend to be common with the service industry as well (Segura and Roig, 2010). Although the acquisition, licensing and opening of branches seem to be common to the service sector, it is essential to determine the survival of an investment in a foreign market. Adapting to a new market is a vital element that determines the success of a company in that market. Therefore, the extent to which the operation of a company adapts to the new market determines the future of the company. It seems vividly evident that Ghanaian companies and, in this case, Blue skies company to be specific, although have its own unique products, must also adapt to new markets by offering a service similar to existing ones and offering their own distinct product.

2.7.1 Reasons why Ghanaian firms are venturing abroad

The internationalisation of Ghanaian firms is still an underexplored area, except for a few studies in the service, clothing and textile, and banking sectors. Some Ghanaian firms are now emerging as serious challengers in the regional markets in Africa where internationalisation activities have been historically dominated by firms from developed countries (Adeleye et al., 2018), especially Ghanaian SMEs in the service, clothing and textile industry. For instance, Printex Limited a Ghanaian owned firm is exporting a range of fabrics to Nigeria, Cote D'Ivoire, Mali, Benin, Togo, Burkina Faso, Gambia, Niger, Angola and as far as South Africa and Zambia. In the financial service sector, Ghanaian owned a Bank, GN Bank has expanded to countries such as Liberia, USA and other services such as Gamma Technologies Ghana has expanded to Nigeria. Zoomlion has extended its services to countries such as Togo, Equatorial Guinea and Angola.

A number of reasons are driving the internationalisation activities of the Ghanaian firms. These include motivation by profit and growth, increased regional integration which presents an opportunity for prospective firms to venture into the African region. The implementation of regional and other trade agreements in Ghana is motivating the Ghanaian firms. For example, over the past few years, the textile sector has shown considerable interest to increase production for the local market and also to take advantage of the opportunities provided under the African Growth and Opportunity Act (AGOA). Also study by Seglah (2016), Damoah, (2011) and Narteh, (2005) revealed that the firm-specific advantages that had been accumulated in the domestic market, coupled with home-country factors and regional /host-market factors, were key determinants of the motivations and location patterns in the internationalisation process of some Ghanaian firms, especially Ghanaian firms in the service, clothing, and textile industry (the proceeding sentence is too long, consider rephrasing). It is also important to note that Ghanaians firms also face some challenges including global competitiveness which has remained a serious challenge to most African firms (Adeleye & Esposito, 2018). At the firm's level, some of the fundamental obstacles to competitiveness are infrastructure, skills, lack of knowledge and regulations (Newman et al., 2016). In addition to systemic issues, limited economies of scale and relatively poor quality of service also contributes to the lack of competitiveness of Ghanaian firms (Amankwah-Amoah, 2018). It is also important to note that lack of ability to execute effective human resource management strategies is hampering internationalisation activities of Ghanaian firms (Debrah, Oseghale, & Adams, 2018;). Most of the firms in Ghana do not appear to have developed sophisticated management systems and practices (Ibeh et al., 2012). Leadership and management tend to be overstretched as the internationalisation journey tends to be driven by the CEO or a few executives, who may have limited or no international business experience.

2.8 Conceptual Framework

For this study, the conceptual framework has been derived from various literature, particularly, the Eclectic Theory of Internationalisation.

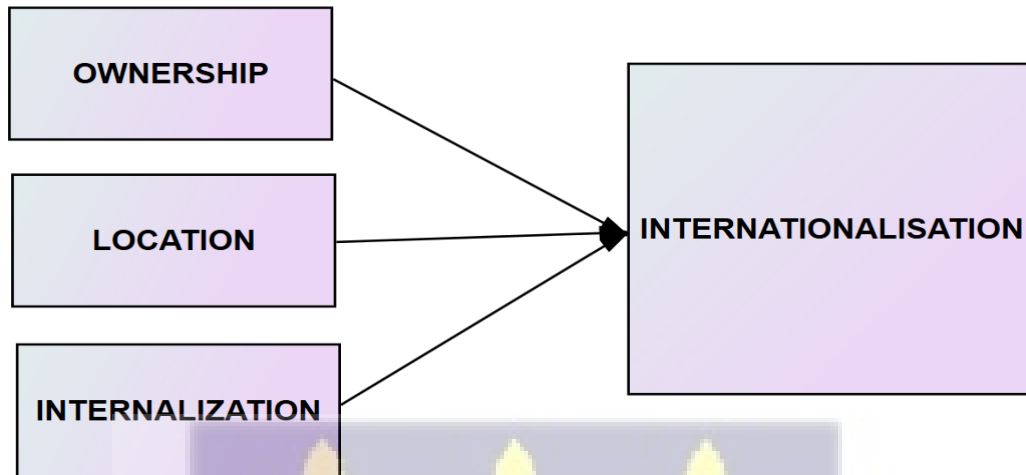


Figure 2-1 OLI Internationalisation framework
Source: Author, 2020 (content adopted from Dunning, 2000)

The eclectic theory which supports this study provides a three-tiered framework for companies to follow to internationalise their entities. There are two aspects of the conceptual framework – basic and expanded. The basic framework as shown in Figure 2.1 is directly derived from Dunning’s Eclectic Paradigm. The basic framework has three dimensions (OLI) – ownership advantages, location advantage and internalisation advantages.



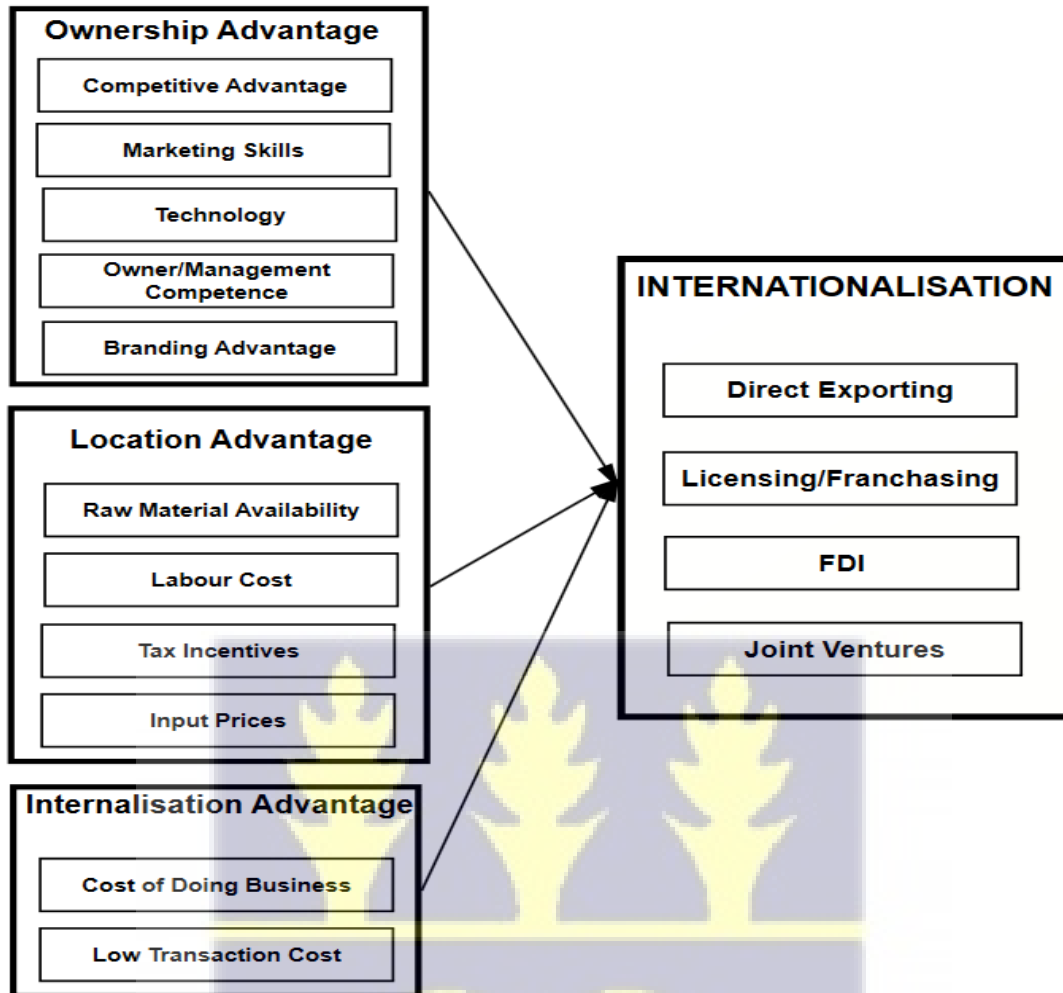


Figure 2-2 Internationalisation Conceptual Framework

Source: Author, 2020 (content adopted from various researchers. Dunning, 2000; Backlund & Suikky, 2009; Rugman, 2010; Baack, 2012)

The expanded framework is an extraction from various literature as demonstrated in Figure 2-2. The figure shows the direct variables that will be used by the researcher to acquire data for this study. This comprises eleven variables divided into ownership advantage, five variables; location advantage, four variables and internationalisation, two variables to measure internationalisation which is composed of direct exporting, licensing/franchising, FDI and Joint Ventures as exhibited in figure 2-3.

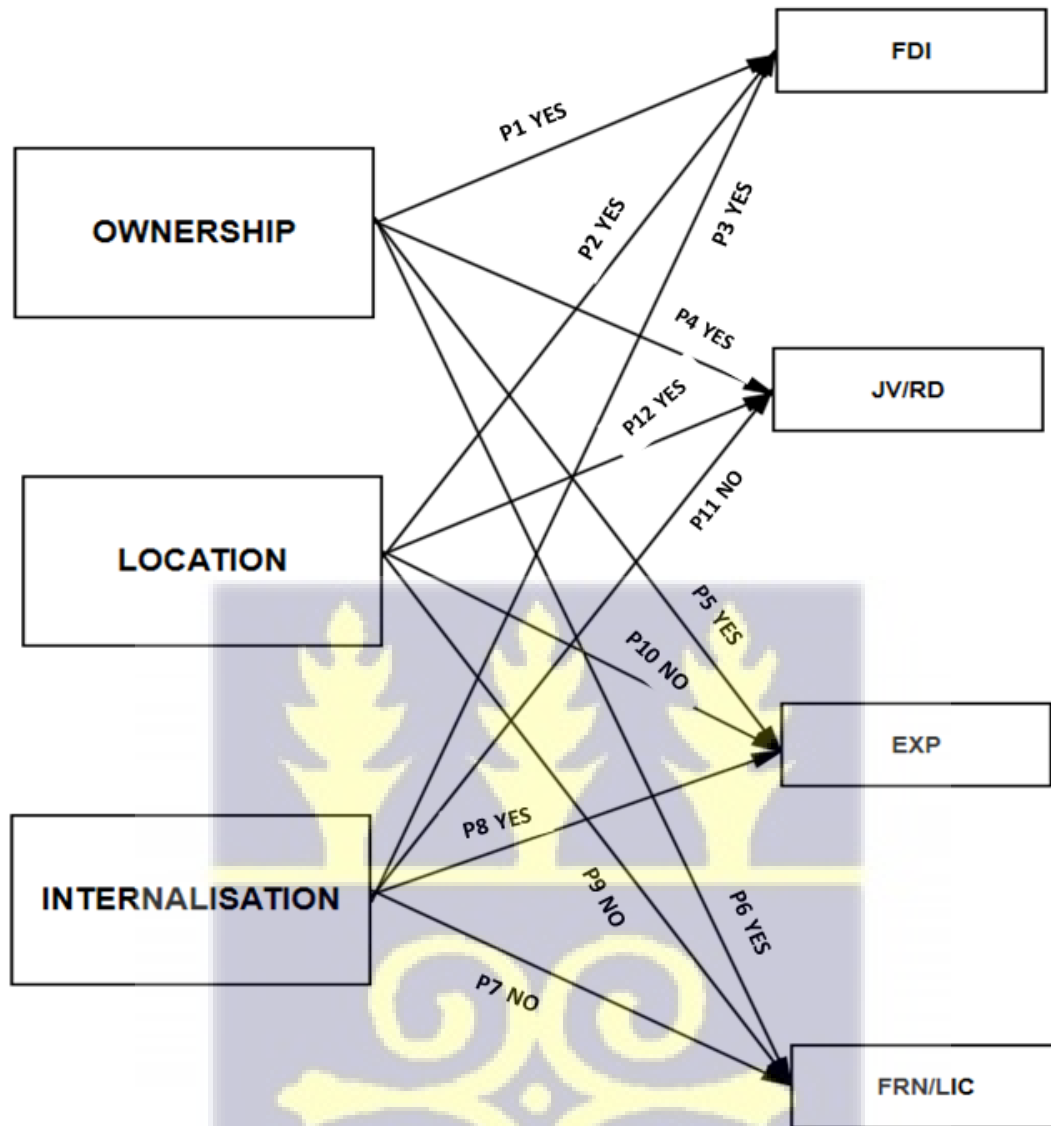


Figure 2-3 Internationalisation Decision Framework

Author, 2020

Figure 2-3 gives a pictorial description of how internationalisation decision can be made by a firm. Depending on the nature of internationalisation the company intends to undertake, a number of decision factors must be considered. The eclectic paradigm indicates that internationalisation of firms are determined by three advantages. These are the ownership (O) advantages of a firm, the

locational (O) advantages of a market, and the firm's internalisation (I) advantages (Czinkota & Ronkainen, 2004).

According to Dunning, these three advantages may motivate a firm's decision to go international. These factors determine the international activities of firms seeking to do business in foreign markets. A company therefore needs all three advantages in order to be able to successfully internationalise. Figure 2.3 indicates that firms develop ownership competitive advantages at home and then transfer these abroad to host countries based on location advantages. These location advantages allow the firms to internalise its O advantages. According to Dunning, there is a close linkage between O and L advantages which needs to be internalised. To be a serious competitor on the market, a company needs to possess all these advantages.

2.9 Conclusion

The chapter has reviewed literature pertaining to internationalisation of firms. It discussed in detail the various definitions of internationalisation, the drivers of internationalisation, barriers and internationalisation entry modes. The theoretical foundation, empirical literature and the conceptual framework that underpinned this study has been presented to evaluate the findings of the study. This chapter also discussed internationalisation of African and Ghanaian firms. The reviews point to the fact that although internationalisation activities of firms in Africa have increased in recent years, most of the studies have focused on internationalisation of businesses from the developed economies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Research Methodology

This chapter is the methodology of the study. It covers the approach and study design. The section also describes the target population, sample size and the sampling technique used for the study. It further discusses the research instruments, sources of data, data analysis, validity, reliability and ethical responsibility.

3.1 Research Method

This research follows the interpretive paradigm of research philosophy. In this regard, the study relied on the qualitative method. Qualitative research enables the researcher to respond to the research questions related to the problem under study without interfering in its natural (Patton, 1990). This method is appropriate to generate quality and in-depth information on internationalisation activities of Blue Skies. The most essential effect of the qualitative analysis is to understand the meaning of social behaviour which implies “what it all mean for the people involved” (Bryman, 2008). In the view of Cresswell (2014), the approach enable researchers to make knowledge claims based primarily on the multiple meanings of individual experiences, with an intent of developing a theory or pattern, or advocacy or participatory perspectives, or where the aim is to answer “how” and “why” questions. This method generates quality and in-depth data which is closely connected to reality (Denscombe 2010). The qualitative method is the most suitable for this purpose because it enhances acquiring of deep information relating to key strategic decisions of the company through the primary data collection.

This study sought to understand ownership, location and internalisation advantages that guide the internationalisation activities of Blue Skies Ghana Limited. Based on the above, the qualitative research method was the deemed appropriate for the research. Thus, the use of qualitative research approach allowed the researcher to obtain a deeper insight of the processes involved. Adopting the qualitative approach, the researcher used both probing open-ended and closed-ended questions, giving the participants the opportunity to both respond in their own words and to choose from fixed responses.

3.2 Study Design

The research design provides the framework for the collection and analysis of data. Qualitative case study was chosen for the research and empirical study was carried out through in-depth interviews. Yin (2009) defines a case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence”. According to Mathers, Nigel; Fox, Nick and Hunn, Amanda (1998), an interviewer has four main responsibilities: to identify the respondents, to secure consent of participants to the interview, to ask the questions, and to accurately record the answers.

Case study design is appropriate where researcher seeks to answer how and why questions related to a phenomenon (Yin, 2014), when the investigator has little control over events; and when the purpose is to examine specific issue with a very little study population (Yin 2018). Single case study research has been effectively used in similar studies (Arbussa et al., 2017), providing further justification for the choice of the research design.

The design was helpful as it enables a mixture of qualitative data collection methods to be integrated into the overall research design. Since this study sought to answer how ownership, location and internalisation advantages informed the internationalisation processes of Blue Skies Ghana limited, the case study was most appropriate for the research.

According to Yin (2012), case study enables deep investigations of problems in their natural context especially when little is known about the phenomenon, or findings in a previous study indicate a need for a new viewpoint. Stake (1995) identified three case-study categories that can be applied. First, intrinsic case study is a situation where a case is being conducted to make contributions based on specific case. Second, instrumental case study describes a case study where a small sample are being studied to determine a behaviour pattern.

Finally, collective case study explains a case study where different perspectives is being studied. This study adopted the instrumental case study method. The researcher adopted an instrumental case study to increase the study's robustness and its replicability in support of the established theory (Yin, 2018). Because this study sought to examine how the OLI factors influence the internationalisation activities of Blue Skies using case study was deemed appropriate for this study.

3.3 Case Selection

This section briefly describes the selected case firm and highlighted the history, products and its internationalisation activities. Blue Skies Ghana Limited was selected because the company has relatively remarkable and successful story over the years. The firm has undergone significant growth and success over the last decade. The company started in Ghana in 1997 and currently has subsidiaries in over 11 countries. Blue Skies currently has more than 4000 employees in Africa, Europe and Latin America. It has also established packaging houses in Gambia and Senegal. Over

the last couple of years, Blue Skies is able to export wide range of fresh and organic fruits which are cut and packaged mainly for export to Europe. The company now exports fresh packed organic mangoes, pineapples, melon and pomegranate to over 13 major supermarkets in Europe.

Blue Skies has over the years been recognised globally for various prestigious awards for their performance in their core business activities. Some of the awards include Queen's Award for Enterprise (Sustainable Development) in 2008, 2011 and 2015, and the supermarket supplier of the year award in 2017. Blue Skies is also a member of the Campden BRI (UK), Food Network for Ethical Trade (UK), Fresh Produce Consortium (UK), Linking Environment and Farming (UK), Produce Ethical Network (PEN) (UK), Stronger Together, UK Ghana Chamber of Commerce (Ghana), SEDEX (UK), Businesses in Environmental Stewardship Network (BESNet) (Ghana). The firm has also been certified by a number of prestigious certification institutions such as GlobalGAP, Fairtrade, SMETA, FSC 22000 (ISO 22000).

3.4 Study Population

The targeted population is the whole aggregation of cases that meet a designated set of criteria (Kothari, 2004). Target population is the population with which the researcher would like to generalize his or her results. For the purpose of this research, the target population were managerial staff of Blue Skies Ghana.

3.5 Sampling Technique

Sample is the subset of a population that is used to represent the entire group of a whole (Kendra, et al., 2010). The study adopted the purposive sampling technique to select the study's respondents. Purposive sampling is a non-probability sampling where respondents are selected based on familiar features which will best help provide relevant answers to the research questions. Purposive

sampling was used to select the respondents who can give accurate information on the internationalisation activities of the firm. Purposive sampling allows a researcher to use his own judgments to select cases which will best answer the research questions and meet the research objectives. The firm has eleven (11) departments from which the managerial staff were purposively selected from for the study.

3.6 Sample size

According to Boateng (2014), a sample is the fraction of a population from which conclusions are drawn to represent the entire group. This study purposively sampled some of the managerial staff in the firm. A total of six managerial staff were interviewed after which saturation point was reached. Saturation has attained widespread acceptance as a methodological principle in qualitative research (Morse, 2015). The study sampled the human resource manager, export manager, General Manager, quality assurance manager, agronomist, and Sustainability Manager. These managerial staff from these six departments were purposively selected because of the important roles and their active involvement in the internationalisation activities of the company.

Data saturation is commonly taken to indicate that on the basis of the data that have been collected, further data collection may or may not be necessary when the researcher begins to hear the same comments again and again.

3.7 Research Instruments

The main research instrument was an in-depth interview guide through face-to-face interviews with the managerial staff were sampled for the study. The interview guide is the most common methods of gathering data for qualitative research. The face-to-face method enabled the researcher to collect data directly from source and that the information is free from being flawed while it

also allowed for opportunities to raise issues that the interviewer may have not thought of (Bailey, 1987). Similarly, qualitative-type interviews used closed-ended questions as a way of ensuring responses are not too dispersed from the intended objective. The guide was designed with open-ended questions which enabled interviewees to answer the questions more freely (Denscombe, 2010). These questions were probed as and when necessary. This enabled the respondents to express their opinions and views in their own words on issues pertaining to opportunities, challenges and risks of internationalisation of Ghanaian firms. The researcher is of the opinion that both structured and unstructured interviews have disadvantages therefore, the preference was to adopt a middle ground by using a semi-structured approach (Dunn, 2000). The approach also allowed the interviewer to ask further questions as and when an intriguing or new line of enquiry emerged during the interview.

3.8 Sources of Data

This study draws on data from two main sources: primary and secondary data sources. The primary data source constitutes the first-hand information generated through the in-depth interviews. The main primary data for the study was in the form of interview responses that were obtained from respondents. The secondary data on other hand refers to the existing data that may be appropriate to the topic under study. In addition to the interviews, secondary data were collected and analysed. The secondary data information used reports from the website of the company under study and other websites of selected government agencies and annual reports. The researcher did critical review of published literature on internationalisation and also review reports from Blue Skies Limited. Five (5) annual reports (from 2014 to 2019), publications and newsletters related to the internationalisation activities of the firm were also analyzed. This data was examined, analysed, and triangulated with field data for validity.

Six main sources of information used for the case studies have been suggested by Yin (2014). These include archival records, interviews, direct observation, participant-observation, and physical artefacts. In spite of the varied and multiple sources of data for case study research, every source has its advantages and disadvantages. To gather more and in-depth information, it became reasonable to use as many suitable sources identified by the researcher and determined by defined problem as possible.

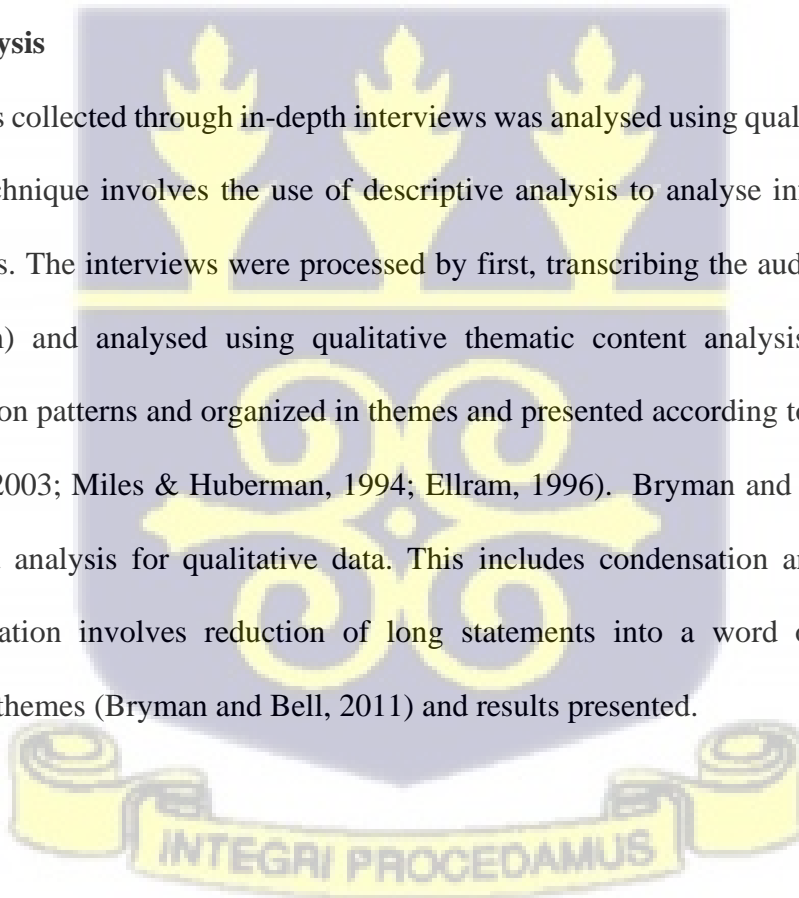
3.9 Data Collection

Before the in-depth interviews are conducted, information from the firm's website about the firm and the nature of their business was reviewed. This enabled the researcher to solicit information about the Blues Skies internationalisation experiences, and involvement in the selected host countries. The interviews were however helped to provide much clearer information through follow-up questions and to focus on the interview. Before undertaking the exercise, a letter requesting participation was sent to the company for approval and schedule of availability. As such, all interviews were completed with the consent of the firm and the specific respondents to ensure its validity and reliability. The researcher used tools such as recording devices, laptops, mobile phone, note pad and other writing materials to record the data. Respondents were also given the opportunity to read through the transcribed interviews to ensure that nothing had been misinterpreted or taken out of context. Each respondent was interviewed for approximately one (1) hour. In all, the interviews were completed within a period of two (2) weeks. Due to the outbreak of the covid-19 pandemic, the interviews truncated after six managerial staff had been interviewed. The researcher mitigated this with critical review of documents and annual reports of Blue Skies Limited.

Although there were practical challenges of cost and length of time involved, the researcher managed these challenges effectively through making special appointments. The researcher's knowledge of the cultural distance situation of Ghana, led to creating an interview style that minimized any cultural impact on responses. The participants had the opportunity to freely express their views and clarify any concepts and expressions which were not well understood. Questions were asked one at a time to ensure accurate and easy responses from participants. Also, the researcher at no point gave clues to an answer or suggests an answer to the participants (Palinkas et. al., 2015; Stuckey, 2013; Gill et. al., 2008).

3.10 Data Analysis

The data that was collected through in-depth interviews was analysed using qualitative techniques. A qualitative technique involves the use of descriptive analysis to analyse information derived from respondents. The interviews were processed by first, transcribing the audio recordings into words (verbatim) and analysed using qualitative thematic content analysis. The researcher generated common patterns and organized in themes and presented according to the objectives of the study (Yin, 2003; Miles & Huberman, 1994; Ellram, 1996). Bryman and Bell (2011) detail methods of data analysis for qualitative data. This includes condensation and categorization. Firstly, condensation involves reduction of long statements into a word or two, and then categorised into themes (Bryman and Bell, 2011) and results presented.



3.11 Ethical Consideration

This research was conducted under ethical consideration and within the standards of ethics in research in both literature and empirical study. The participants' privacy was guaranteed. The researcher ensured that the respondents of the study participated and gave out information voluntarily. Respondents were made to withhold their names to ensure anonymity in responses provided.



CHAPTER FOUR

ANALYSIS OF FINDINGS AND DISCUSSIONS

4.0 Introduction

The previous chapter presented the methodology and justifications for the methods of data collection, and how various ethical and fieldwork challenges, including reliability and validity, have been addressed. This chapter presents the analysis of key findings and discussion of results from responses of the in-depth interviews and documentary review of the company's annual reports, newsletters, published articles, and other relevant sources. The results are presented in line with the objective of the study and the conceptual framework of the study (see page 48), specifically, the ownership, location, and internalisation advantages of Blue Skies Limited and how these OLI advantages contributed to the internationalisation activities of Blue Skies Limited. It is presented in five sections. The first section presents the findings on the assessment of the ownership, location and internalisation advantages of the company. Section two discusses how the OLI factors influence Blue Skies' internationalisation activities and how this relates to literature and the conceptual framework. Section three examines the internationalisation challenges of Blue Skies.

4.1 Background information of respondents

As mentioned in the methodology, due to the Covid-19 pandemic it was not possible to interview all the targeted respondents. A total of six (6) managerial staff (3 females and 3 males) were interviewed. These are actively involved in the internationalisation process of Blue Skies Limited. For instance, the females occupied the positions of General Manager, Human Resource Manager and Export Manager, while the males comprised of a Quality Assurance Manager, Agronomist,

and Sustainability Manager. Three of them hold a bachelor’s degree with some professional qualifications, while the remaining three had master’s degree. The findings confirmed that all the respondents are well educated, actively involved in the internationalisation activities of the company, and can discuss the issue at hand. Table 4.1 presents the demographic characteristics of the respondents.

Table 4.1 Demographic Characteristics

Characteristics	Males	Percentage	Females	Percentage	Total	%
Sex	3	50%	3	50%	6	
Education						
Bachelor’s degree	2	33.4	1	16.7	3	50
Master’s degree	1	16.7	2	33.3	3	50
Marital Status						
Married	2	33.4	3	50	5	83.3
Single	1	16.7	0	0	1	16.7

Source: Field Data, 2020

4.2 PRESENTATION OF RESULTS

Blue Skies Limited has been successful in over eleven (11) countries in Africa, South America, and Europe. This section presents the key findings of the OLI advantages of Blue Skies Limited that makes it possible to attain success at the international level. The findings are from responses of the in-depth interviews and documentary review of the company’s annual reports, newsletters, published articles, and other relevant sources.

4.2.1 Ownership Advantage of Blue Skies Limited

According to the eclectic theory, ownership advantages are factors that enable a company to have a competitive advantage over its competitors. These are advantages possessed and controlled specifically by a particular firm. The findings revealed that the main ownership advantages of Blue

Skies Limited stems from the uniqueness of its products, brand strength, owner's experience and ties and marketing techniques.

4.2.2 Uniqueness of Blue Skies products

In term of products, the Blue Skies Limited Company has unique products for international markets. Blue Skies Limited was the first company globally to cut and pack freshly harvested organic fruits and fly it directly to the consumers in Europe within 24hours (Blue Skies Limited, 2016). The company has increased its exporting activities of fresh cut organic fruits such as pineapples, mango, papaya, coconut, melon, and pomegranate to over 13 major retailers in other European countries including UK, Netherlands and France on a daily basis. The organic nature of Blue Skies products provided and created a quality market niche for the company over its competitors. There is a high demand for Blue Skies Limited's fresh fruit cuts in retail shops and customers in Europe. This became necessary because of the increasing competition from other international fruits companies abroad. There was therefore the need for company to offer differentiated products. The quality assurance Officer stated:

We possess unique products in terms of quality and price. We also rely on organic production techniques, so our customers in Europe prefer our products. In all our locations in Africa and Brazil we make sure our products are organic and fresh.

Blue Skies has invested heavily in organic methods of production and have set up an association of eighty small-holder organic farms called the 'Blue Skies Organic Collective. This has made our products unique at the international level.

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In their 2017 Newsletter, the founder stated:

When I started the company, I set out to achieve what no one else had previously managed to do. I aimed to deliver to customers in Europe the taste and health benefits of true fresh-from harvest organic tropical fruits rather than the weeks-old fruit that was then available by retailers in Europe. My strategy was simple, and we have achieved that. We harvest our organic fruits from all our locations at their optimum ripeness, cut and pack them, maintain the freshness and flavour, and then fly them to Europe to arrive in shops within 24 hours (Blues Skies, 2017).

General Manager stated that:

We believe in providing only the freshest pure fruit products and then delivering them to the consumer as quickly as possible. We first introduce fresh pomegranate juice, the first to introduce fresh cut coconut and we hope to be the first with many of our future product launches. We add nothing to our fruit. No chemicals, no additives, no artificial flavourings. Nothing of that sort.

A sustainability officer stated:

Supply fruits from environmentally friendly farming to a variety of customers, including some of the biggest supermarket chains in the UK, France and Netherlands. In 2008 we were honoured to have been awarded a Queens Award for Enterprise in the Sustainable Development category.

The company in the relatively short period of operation won the Queen's Award for Enterprise in the Sustainability Development category in 2008 for its product uniqueness. This has promoted its

brand internationally. The UK International Development Minister at the time, Gareth Thomas, commented on the award that it proves that developing countries can export and still be able to take care of the environment.

One agronomist had this to say:

A lot of care and attention goes into growing our fruit. We produce best fruits of optimal flavour and appearance and then handle them in a way that preserves these qualities until up until we deliver to the customer. This is the reason why they like our products. We do this by focusing on providing fruits that are fresh and organic from harvest from our organic farmers. At each of our sites in countries that we operate, we have a full-time team of agronomist whose job it is to work with our farmers to make sure our standards are met (Agronomist).

The products of the company have also achieved food safety standards from the British Retail Consortium and the International Food Standard.

Quality Assurance officer in its 2016 annual report stated:

Blue Skies operates a service internationally that keeps our unique products at or below 5 degrees Celsius throughout the entire supply chain. We do this with the use of refrigerated transport, airport temperature-controlled holding facilities, temperature-controlled handling centres in all major European cities, and the use of carefully tested thermal insulation packaging.

Human Resource Manager stated:

Blue Skies has a trained team of Quality Assurance who are involved in the chain of our product from the Company to the airport. In London for instance, Blue Skies' representatives meet the consignment from all our subsidiaries and test quality to ensure that organic quality standards are maintained.

4.2.3 Brand Strength of Blue Skies

The findings reveal that brand strength was an important ownership advantage of Blue Skies Limited's internationalisation activities. The study revealed that the company had a dedicated staff in each of the countries it operates. These trained staff are responsible for branding in response to ever-changing markets. The company connects its brand image with customers through unique product names, labels, and slogans. Blue Skies trademark has been registered and tapped into the strong brands of their certification partners. The company has registered a community trademark with Care Trace Service in the European Union (EU) through the Office of Harmonization for the Internal Market (OHIM). The overall the branding strategy of Blue Skies Limited has been successful internationally and provides the company with very strong brand as ownership advantage. The Quality Assurance Officer noted that:

We design our labels to illustrate the simple and natural way in which our juice are made through a colourful graphic_illustrates in the entire production process. The labels serve as a visual aid to explain how Blue Skies' juice is sourced from the fruit in farmers' fields, crushed, and then squeezed into a bottle. Furthermore, the labels reflect the company's core values; convey the company's pride in producing its products in Ghana and helps Blue Skies juice better compete with multinational global brands.

Blue Skies Limited's labels have proved to connect very well with its consumers at the international markets across Europe. For instance, in 2011, the Blue Skies brand won award for best brand identity at International Food and Beverage Awards in London. Another aspect of the company's overall branding initiative is designing of Care trace website which is used to trace the blue skies products and stories. Sales Manager in 2015 annual report:

Our brand is Fairtrade certified and we proud of our strong brand. All these trademarks and certification marks are utilized by our company's products. With these popular worldwide certifications, the link between our company's corporate strategy of adding value at the source and its products is solidified with its customers, thus increasing our brand awareness and competitive edge.

The study reveals that in 2007, Blues Skies Limited designed Care Trace specifically to trace Blue Skies Limited products supplied in leading supermarkets in UK. Care Trace enable customers to trace to the source of Blue Skies products and how they grow the fruits. It also allowed farmers to share their stories and other fundamental human rights issues involving the consumer-producer relationship.

4.2.4 Owner experience and ties

It was revealed that the owner of Blue Skies Limited's enormous experience in the food industry and ties with the developed world was an important ownership advantage. For instance, the founder worked as a Managing Director of Orchard House Foods (OHF), a fruit specialty store based in the UK. He already had the market knowledge and enormous experience to tap into. This enhanced internationalisation activities of the company. The General Manager of Blue Skies Limited stated in an interview:

Our CEO's experiences and ties with the developed world were important ownership advantages for us. Because of his previous experience from a business in the UK as Managing Director of Orchard House, a fruit specialty store based in the UK, it gave us experience and knowledge of the market and the kind of products preferred in the developed world.

The findings revealed that the CEO's human relations and acquired experiences helped him in providing needed technology and expertise to improve farmers' agricultural practices in their locations across Africa and Brazil, thereby ensuring high-quality products. Also, because of the founder's ties with the UK, he was able to attract high profile visitations from the UK to their factory in Ghana, including some of UK's Foreign Secretaries and High Commissioners to Ghana, as well as some political leaders from Africa and Europe. This reputational boost from international and high-profile people was an important ownership advantage for Blue Skies Limited's growth internationally.

4.2.5 Business Model of Blue Skies Limited

Blue Skies Limited operates the Joint Effort Enterprise (JEE) business model. This model allows the company to employ and work with both local and expatriates to confront the challenges. The aim is to avoid neo-colonialism, and foreignness associated with MNCs from the developed world. It also aims at preventing the view that foreign companies are only interested in exploiting resources in developing countries. JEE enables local staff in their locations to exhibit sense of ownership and responsibility in ensuring the sustainability and profitability of the company. As part of the requirements of the JEE, the company recruits talented staff from countries the company has established branches. The founder in the 2015 annual report states:

Our Joint Effort Enterprise (JEE) has been very successful business model for Blue Skies. We try as much as possible to recruit local talented staff from our locations in Africa and Brazil. These invaluable new employees and business partners help to take our company to the next level. Ultimately, when you have good people, you have good fruit, and for us - that's good business!

4.3 Location Advantages

This section presents the findings on location advantages of Blue Skies Limited. The location advantages are the factors that are specific to a country that create incentives for a firm to move into that country. The study found that the key location advantages of Blue Skies Limited are access to resources, product diversification.

4.3.1 Access to resources

The main resource motivation driving Blue Skies Limited's internationalisation agenda in Egypt, South Africa and Brazil is access to specific raw materials (fruits). This is to ensure availability of resources for constant supply of a variety of fresh fruits from across Africa and South America to Europe. Also, this location advantage has enabled the company to supply variety of fruits from its subsidiary in countries. The Sales Manager in the interview said:

We have a unique location advantage as a company in countries we are located now. We moved to Egypt, South Africa and Brazil primarily because of raw materials we use. Strategically, we have access to different types of fresh fruits ranging from pineapples and mango in Brazil, melons in Egypt and grapes in South Africa.

This important location advantage enables the company to produce efficiently different types of fruits, plus timely supply product offerings to the local and international markets.

4.3.2 Product Diversification in Host Countries

One of the significant location's advantages of internationalisation is product diversification. Becoming less dependent on a single product helped the company to avoid risks of its core market. The study revealed that Blue Skies locations outside Ghana allowed the company to produce and increase its range of products that cannot grow in other countries or are seasonally produced in subsidiary countries. This enabled the company to stay ahead of competition, respond to the competition, and maintain growth (Blue Skies, 2015). In the interview with the Sustainability Officer, he said:

Because of our location, we are able to diversify our products to meet our client demands and meet international market. To augment our supply with fruits that are unavailable or out of season in our subsidiary countries, the company relies on its subsidiaries in Brazil, Egypt, and South Africa for constant supply of coconut, mango, melons and grapes to meet our demand in Europe.

This product diversification advantage of Blue Skies Limited provides an opportunity for the company to ensure a continuous supply of fresh fruits to its customers in Europe all-year round. That is the company's location advantage over its competitors. The Sales Manager in the 2019 Newsletter stated:

To meet the demand of our customers in Europe, the company source pineapple, mango, passion fruit, papaya, and coconut from all locations in Africa and South America. This is an important advantage location we have over our competitors. For instance, our location in South Africa has grapes and strawberries, Ghana has pineapples and mangoes, melon and pomegranate in Egypt, and coconuts and Mangoes in Brazil.

The Human Resource Manager stated:

Our strategy was very helpful because anytime our business encounters hard times in one location, especially regarding the availability of some types of fruits; we continue to operate in another to relieve some of the pressure.

Our second subsidiary was established in Egypt in 2003 to expand our range of tropical and temperate fruits. We now export products such as melon, watermelon, oranges, red grapefruit, white grapefruit, red and white seedless, strawberry, pomegranate, and dates that are not grown in Ghana to meet our clients in Europe.

Through this diversification, Blue Skies Limited can export products such as kiwi, papaya, mango, grape and citrus. The company's overarching R&D goal is to remain ahead of its competition in quality and innovation while continuing to add product value in the country of origin and adhere to JEE philosophy.

4.3.3 Lower Cost of production

Another location advantage of Blue Skies Limited arises from differences in the production cost of products in the located countries. Companies will normally relocate to countries where they can produce at lower costs. When the price of products also increases in one location, the company receives supplies from its subsidiary's locations at lower prices. The study found that Blue Skies Limited multiple locations helped to lower costs especially, cost of engaging local staff and fluctuations of prices of fruits.

The General Manager stated that:

By setting up in a new country, we can lower our operational accessing our raw materials at cheaper costs and also hire local workers who know the local language and local

customs to serve the organization's clients without any complications. This reduces our production cost.

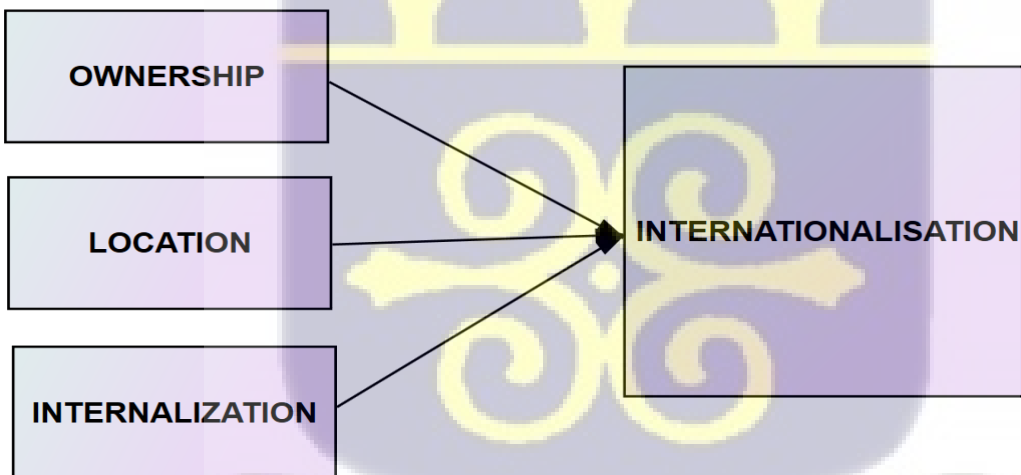
4.4 Internalisation Advantages

The study also assessed the internalisation advantages of Blue Skies Limited as it engages internationalisation activities beyond international borders. Internalisation advantages is the ability of the firm to efficiently internalize its specific advantages to reduce the transaction cost during international production in the host country (Dunning & Lundan, 2008). These are the advantages that a firm must gain from keeping the international expansion within the firm in host country rather than selling the right to use them to other firms located in the host country. The study found that Blue Skies has been able to transfer its ownership advantages across borders within its organisational structures. These include the stability of supplies, brand name, and intermediate goods to meet client demand. The study revealed that Blue Skies Limited has capacity of producing internally in their host countries rather than outsourcing to host country companies. This has been possible because the company was able to successfully transfer most of its ownership advantages such its brand and trade mark, owner's experience and skills to its host countries. The Eclectic paradigm supports that a firm will proceed with internalising production when it is possible to combine intermediate goods from its subsidiaries. The study also revealed Blue Skies Limited's ability to combine its location fruits and intermediate goods from subsidiaries across Africa and South America, given it internalisation advantages to produce at lower cost instead of outsourcing production to host country companies.



4.5 How OLI advantages influence the Internationalisation of Blue Skies Limited

The second objective of this study examines how the OLI advantages of the firm combine to influence the internationalisation activities of Blue Skies Limited. According to Dunning's Eclectic Theory, all the advantages influence a firm's decision to embark on internationalisation or full owned subsidiary (Dunning, 2000). The fundamental assumption of the theory is the conceptual work is that all three categories of the variables (O, L, and I) operate together for any investment decision-making regarding internationalisation firms (Eden and Dai, 2010; Dunning, 2009). From the results presented, it is evident that Blue Skies Limited's internationalisation activities were influenced by its OLI advantages as postulated by Dunning 1997. This section also discusses the results within the OLI paradigm and the conceptual framework and how these three advantages influence Blue Skies Limited's internationalisation activities.



Source: Author, 2020

Dunning (1988) explained that the ownership specific advantages thus, the competitive or monopolistic advantages, “must be sufficient to compensate for the costs of setting up and

operating a foreign value-adding operation to those faced by indigenous producers or potential producers”.

Besides, the Eclectic theory identifies three types of specific ownership advantages. The first advantage arises from exclusive privileged possession of or access to particular income-generating assets. The second advantage is enjoyed by a branch compared with a new firm, and third one is the consequence of geographical diversification of multi-nationality. The study shows that Blue Skies has specific ownership advantages. These include the uniqueness of its products (organic) for the international market, the brand strength, the owner’s experience and European ties. It was clear that the uniqueness of its products and brand strength was an important ownership advantage of Blue Skies Limited’s internationalisation. The Blue Skies brand has won international recognition with several globally recognized certifications, increasing its brand image with customers across Europe. These ownership advantages in host countries significantly influence its internationalisation activities.

4.5.1 Ownership advantages

The findings about Blue Skies Limited’s ownership advantages are consistent with Dunning (1988, 2000) and Buckley, (2011) which explained that for a firm to compete in a foreign location, it must possess certain ownership advantages; also referred to as competitive or monopolistic advantages relative to those of other firms and those domiciled in the targeted country for investments. The study reveals that Blue Skies Company has unique organic products for the international markets. From the above analysis, unique product was unsurprisingly the most important specific ownership advantage. This is also consistent with Pinho (2007) who identified the differentiated products as an ownership advantage. In addition, ownership experience and his ties with Europe influenced Blue Skies Limited’s internationalisation activities in Europe. The finding also corroborates

Marian et al, (2013) which points to the choice of firms to EU countries as in all cases influenced by owner's ties with Europe and the existence of previous business contacts in the target market, as well as, the existence of strategic resources.

4.5.2 Location Advantages

As revealed in section 4.2, access to resources (fruits), was found to be an important location advantages driving Blue Skies Limited's internationalisation agenda in African countries. The factors that constitute location advantage are country specific and are location bound. The main location advantage that influenced internationalisation activities of Blue Skies Limited in African countries and Brazil is access to resources and product diversification in host countries. Access to resources (fruits) was found to be an important location advantage driving Blue Skies Limited's internationalisation agenda from the country of origin (Ghana) to other host countries in African countries and Brazil.

The study noted how the choice of Blue Skies Limited's internationalisation activities in its host countries is influenced by access to raw materials (fruits). Blue Skies Limited always moves to countries where the company can easily get resources (fruits), especially in Africa and Latin America. The key attracting specific location advantage is huge capability of different fruits in these countries to satisfy its customer base in Europe. It has become a policy decision for Blue Skies Limited's location in other countries to be influenced by raw materials (Blue Skies 2015).

The availability of resources has ensured a constant supply of a variety of fresh fruits from their host countries, giving Blue Skies Limited, an important location advantage over its competitors. This finding corroborates Dunning, (1988) which indicates that the natural resources or other factor endowments make a country attractive to firms. The company has demonstrated

responsiveness in marketing agility with the ability to source fruits from different countries where its subsidiaries located; thus, the evidence of proactive agility of the company to facilitate internationalisation activities. Bortoluzzi et al. (2014) argued that firms become more agile by the virtue of expanding international activity and gaining experience, which is consistent with how Blue Skies Limited source raw materials and operate in different geographical locations. This finding is also constant with Buckley et al., (2007) that resource endowments of a host country influences location choice given the investment motive of firms.

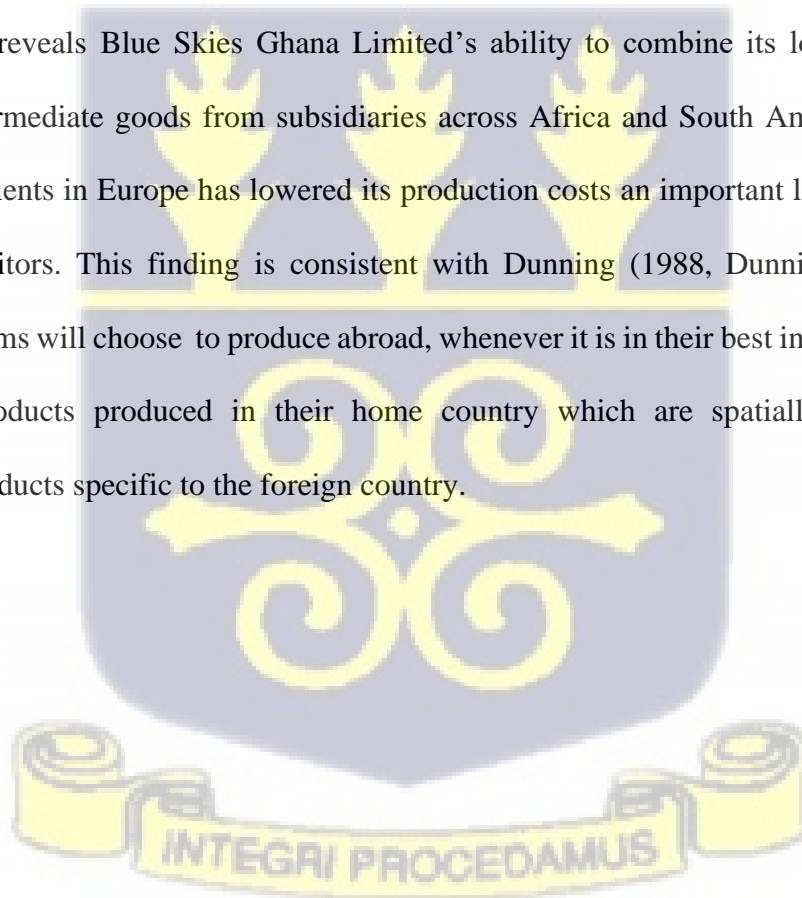
Also, product diversification in the subsidiary countries helped the company to become less dependent on a single and avoid risks of its core market.

4.5.3 Internalisation Advantage

As indicated by the theory, internalisation advantage indicates the ability of the company to produce and trade the goods through its network of subsidiaries than selling those advantages to other firms located in host countries. Blue Skies Limited broadly possessed a number of ownership advantages that are transferrable abroad making doing business within its organisation in host countries cheaper than transferring or selling those advantages to other firms located in its host countries. According to Dunning, there are the advantages that a firm must gain from keeping the international expansion within the firm. As indicated by Eclectic Theory, there should be an internalisation advantage for a firm to decide that its advantages are best exploited internally rather than sold to other firms through some contractual arrangements such as licensing, joint venture, or management contract.

From the findings, it is clear that Blue Skies Limited's has been able to transfer most of its ownership advantages such as brand name and fresh fruit products across its own subsidiaries and technology at a lower cost. The company entered its locations across Africa already being experienced and successful, with its way of business, unique products, brand name, international management, and technology. These factors gave Blue Skies Limited internalisation advantage to have fully owned subsidiaries in host countries to protect its assets. This finding corroborates (Dunning, 1988) that a firm will, therefore, decide to produce within the firm, rather than licensing to an outside firm, joint venture, or franchising so that it can protect its assets.

The study also reveals Blue Skies Ghana Limited's ability to combine its location advantage (fruits) and intermediate goods from subsidiaries across Africa and South America to meet the demand of its clients in Europe has lowered its production costs an important location advantage over its competitors. This finding is consistent with Dunning (1988, Dunning, 2000), which indicates that firms will choose to produce abroad, whenever it is in their best interests to combine intermediate products produced in their home country which are spatially transferable or intermediate products specific to the foreign country.



4.5.4 Analytical framework

Figure 4.1 presents the conceptual framework and how OLI advantages influence the internationalisation activities of Blue Skies Limited.

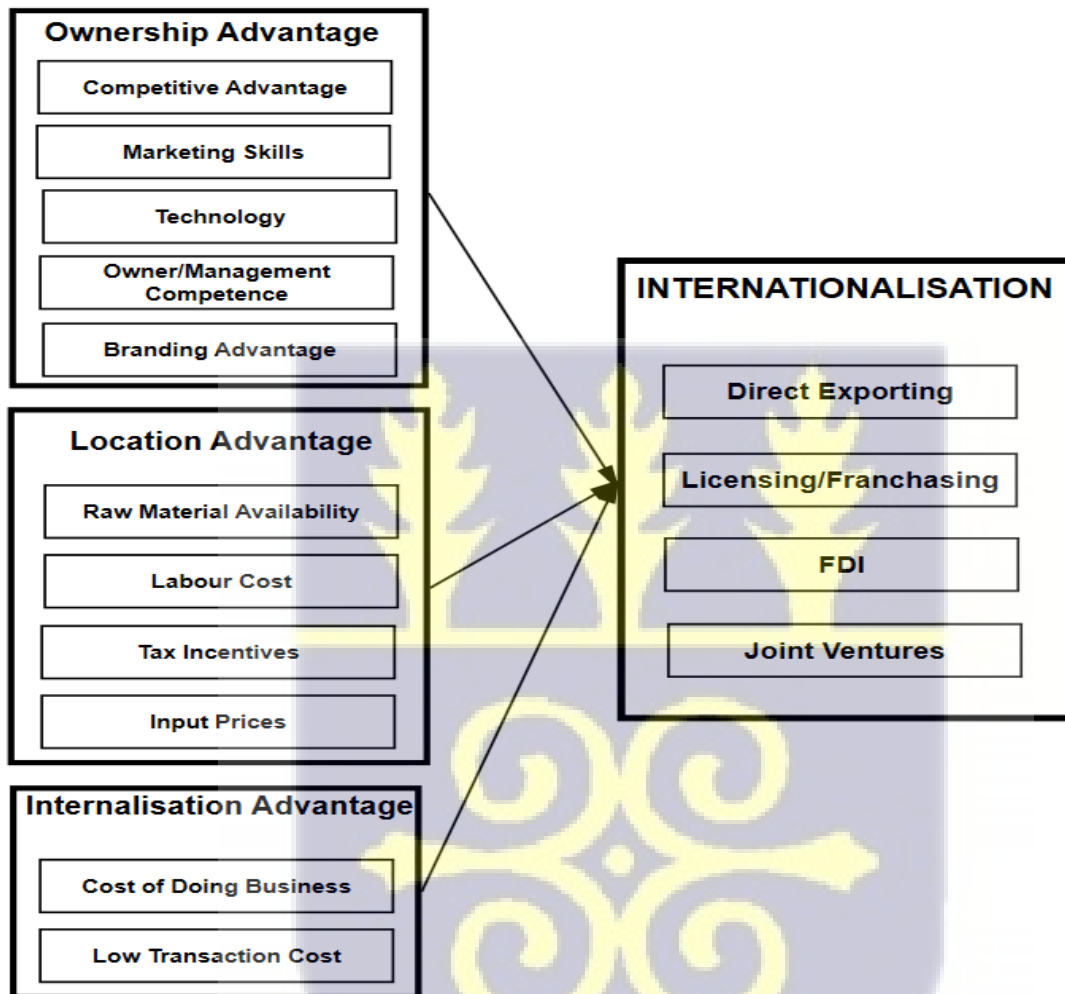


Figure. 4.1 : How OLI influences Business internationalisation, Author's own construct, 2020

The findings emanating from the study has been presented and discussed extensively. Likewise, the findings. All point to the extent to which Dunning's eclectic paradigm, also known as the OLI Paradigm, explains the international business activity of Blue Skies Limited. These findings

confirm Blue Skies Ghana Limited possessing certain ownership advantages (O), location, and internalisation advantages which have successfully influenced its internationalisation activities.

4.6 Internationalisation Challenge facing Blue Skies

The third objective of the study is to assess the internationalisation challenges of Blue Skies Limited. The interviews and review of documents of Blue Skies Limited communicate some challenges facing the internationalisation activities of the company. This section discusses the challenges of the company as it embarks on internationalisation activities.

4.6.1 Challenges with Air freight

As indicated in the findings, Blue Skies Limited produces and exports organic fresh cut fruits to over 13 major retailers in other European countries such as the Netherlands and France on daily basis. One of the key challenges results from flight cancellations, airport closures, and the high cost of air flight. A review of the company's activities in 2018 reveals that flight cancellations and delays are some of the key challenges facing Blue Skies Limited's internationalisation activities.

4.6.2 Over- dependence on European Market

Like most emerging African firms, Blue Skies Limited over relies on Europe markets for its products and losing focus on home markets in its host countries. The Sales Manager confirmed this:

Most of our products target the European markets.

4.6.3 Reduction in Quality due to delivery period

It was revealed that at times some of the fruits available to customers in supermarkets fail to reach the expected quality because of some delays in flights or handled in a way that does not respect their natural condition along the way.

4.6.4 Change in Consumer preferences

Although, over the past two decades, consumer demand for niche-products (including organic and locally grown foods) has grown substantially, customer's attitudes are changing. This was made known by the Sales Manager in an interview.

Some consumers' attitudes towards fruits that have travelled over long distances, especially by air are changing and this could affect the market in a long time.

4.6.5 Competition from Emerging Companies

Increasingly, more companies are cutting fresh fruits and packaging for retail shops in the UK and other countries.

An increasingly competitive fresh-cut fruit market in the UK, driving prices down. These companies are competing with us. What is keeping us is our uniqueness and organic products (Export Manager)

4.6.6 Foreign exchange fluctuations

Foreign investments are complicated by currency fluctuations and conversions between countries. One of the challenges of Blue Skies Limited is fluctuations in the Ghana Cedi against the US

Dollar. Again, another challenge faced by Blue Skies in their marketing activities is foreign exchange fluctuations and the depreciation of the Cedi.

We sometimes experience losses due to changes in the relative value of assets denominated in a foreign currency (2016 Annual report, General Manager)

4.6.7 Environmental Impact of our activities

There is growing awareness and concerns about the environmental impact of airfreights globally concerning the distance that food products travel and the emissions associated with its transport. The study revealed that some concerns for the environmental impact of the company's internationalisation activities were especially from the transportation of fruits to Europe daily.

Sustainability Manager stated that:

Yes, we have concerns about the environment as a result of our daily airfreight. At Blue Skies, we are committed to looking for ways to reduce our emissions and energy consumption, not only for environmental reasons but also because it makes economic sense to do so. While we are looking at many ways to reduce the environmental impact, we are also limited to decreasing the impact concerning aviation. Our carbon footprint study has demonstrated that there is substantial opportunity for improvement, particularly in the areas of road transportation, refrigeration, and how we generate our stand-by power.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This study sought to understand how eclectic theory explains the internationalisation of Blue Skies Ghana Limited. Specifically, it examined how ownership, location, and internalisation advantages contributed to the internationalisation activities of Blue Skies Company and the challenges in the international market. This chapter presents the summary of the research, conclusions arising as well as the recommendations. The first section presents the overview of the thesis; the methodology. The second section summarises the main findings. The third and fourth sections present conclusions and the recommendations, and the final section provides directions and contributions for future research.

5.1 Summary of Research Methods

The study adopted a qualitative approach. Since this study sought to answer how ownership, location and internalisation advantages informed the internationalisation processes of Blue Skies Limited. A case study approach was the appropriate research design for the study, as it allowed an in-depth understanding of the ownership, location and internalisation advantages of Blue Skies Ghana Limited and how those advantages informed its internationalisation activities. The data for the study were obtained from two main sources: primarily generated through in-depth interviews and secondary data involving the documentary review of published documents related to the company's internationalisation activities. A total six (6) managerial staff who are actively involved in the internationalisation process of Blue Skies were interviewed. A content analysis was used to

analyse the data. It involved a detailed and systematic examination of the contents of materials such as annual reports, newsletters of the company for the purpose of identifying patterns and themes.

5.2 Summary of Key Findings

This section presents summary of the key findings.

The findings revealed that the main ownership advantages of Blue Skies Ghana Limited stems from the uniqueness of its products, brand strength, owner's experience, and ties, corporate model, and marketing techniques. Also, the brand strength was an important ownership advantage of Blue Skies Ghana Limited internationalisation activities in its host countries. The brand strength has won international recognition with a number of globally recognized certifications increasing its brand image with customers across Europe. The founder's experience in the business and ties with the developed world are important specific ownership advantages.

The study found a number of location advantages that influenced internationalisation activities of Blue Skies Ghana Limited. The main location advantages include access to resources and product diversification, and costs of production. Access to resources (fruits), was found to be an important location advantage driving Blue Skies Ghana Limited's internationalisation agenda from Ghana as a country of origin to other host countries in African and Brazil. The availability of these resources in its location ensured a consistent supply of a variety of fresh fruits from across Africa and South America to its customers in Europe.

The internalisation advantage is represented by the company's ability to produce and trade the goods through its network of subsidiaries than selling those advantages to other firms located in those countries. In terms of internalisation advantages, Blue Skies Ghana Limited broadly possessed many ownership advantages that are transferrable abroad, making doing business within the organisation cheaper than transferring or selling those advantages to other firms located in its subsidiary countries.

5.3 Internationalisation Challenge facing Blue Skies Limited

The study also made known several challenges facing the internationalisation activities of Blue Skies Ghana Limited. These are freight issues, changing consumer preferences, competition from emerging companies, and currency fluctuations.

5.4 Conclusions of the Study

The study concludes that the eclectic theory has explained the international business activity of Blue Skies Ghana Limited. The Company possesses certain OLI advantages that have successfully influenced its internationalisation activities in their host countries such as South Africa, Egypt, Brazil and UK, and ; to the extent that the company is able to export to Netherlands, Belgium, Italy, and Switzerland, France, Denmark and Dubai. The three variables (O, L, and I) have operated together to inform the investment and internationalisation activities of Blue Skies Limited. Despite the internationalisation success of Blue Skies Limited, there are several challenges such as freight issues, over dependence on European market, changing consumer preferences, competition from emerging companies, and currency fluctuations facing its internationalisation activities.

5.5 Recommendations

Based on the findings and discussions, the following recommendations are provided:

- First, it is recommended that Blue Skies Limited develops new and improved products to increase shelf life of its products. This can reduce airfreight challenges and increase their competitiveness.
- Blue Skies must also focus on developing the home markets especially host countries in Africa and the local markets to survive any external shocks.
- Depreciation of the Cedi and fluctuating exchange rates are major issues that need to be addressed to reduce the impact of the fluctuating nature of Cedi on the company's internationalisation. There is the need for the government to roll out sound economic policies, both fiscal and monetary, to overcome the negative effects of Cedi depreciation on the activities of firms exporting to developed countries.
- There should be a continuous quality assurance targeting customer preferences to ensure supplying quality and diverse products for tis targeted markets.
- The company should strive to maintain and deliver products to customers that increase customers' experience without compromising on quality.
- There is the need for Blue Skies Ghana Limited to work closely with logistics partners to ensure that produce are preserved and invest in cutting-edge research and new product development.



5.6 Contribution of the study to Knowledge, Practice and Policy

This section presents the contributions of this study.

5.6.1 Contribution of the study to Knowledge

This study contributes significantly to the body of knowledge literature on the application of Electric Theory to explain internationalisation activities of firms from developing countries. The theoretical viewpoint of eclectic theory that has informed studies of internationalisation of firms in the developed countries have not been effectively integrated in a developing country-based studies. Globally, much of the application of an Eclectic theory to internationalisation studies has focused largely on multinational companies from the developed world to developing countries. This study has provided knowledge and valuable insight into the internationalisation activities and processes of firms in developing countries. The outcome of this study would proffer researchers and other scholars the opportunity to include the findings of this thesis in the application of the OLI to assess internationalisation activities of firms from developing countries to developed world.

5.6.2 Contribution to practice

The findings of this thesis provide very useful and practical implications. It provides a new perspective of internationalisation of Ghanaian firms by outlining relevant framework for practitioners and SMEs to understand the right approach to launch products and services in foreign markets and the challenges that inhibits cross boarder expansion of local enterprises. It also provides useful source of information for understanding the internationalisation strategies of emerging African firms from various perspectives, the enabling factors for their choice, and its implication on strategic human resource management and practice.

5.6.2 Contributions to SMEs

This study provides some useful internationalisation strategies for SMEs in developing countries that are seeking to venture abroad. The findings will help them to assess their OLI advantages and how these could influence their internationalisation activities. Study also highlights some key internationalisation strategies and challenges of Blue Skies that will help to guide internationalisation activities of SMEs in Ghana and other developing countries.

5.6.4 Contribution to Policy

This study provides some useful policy implications for addressing the internationalisation challenges of Ghanaian firms. The study presents a new perspective of internationalisation of Ghanaian firms by outlining relevant policy implications for promoting internationalisation activities of firms in Ghana and how to address their internationalisation challenges facing emerging SMEs.

5.7 Future Research Directions

First, future research efforts should focus on the application of the eclectic paradigm of internationalisation to examine the key internationalisation strategies of emerging Ghanaian firms and the factors which motivate firms' foreign direct investments and entry modes into foreign markets. Future research may also want to look at the issues that improve understanding of how firms can achieve superior international performance to enhance the applicability of the Dunning's theory on internationalisation of firms in the developing countries to the developed world.

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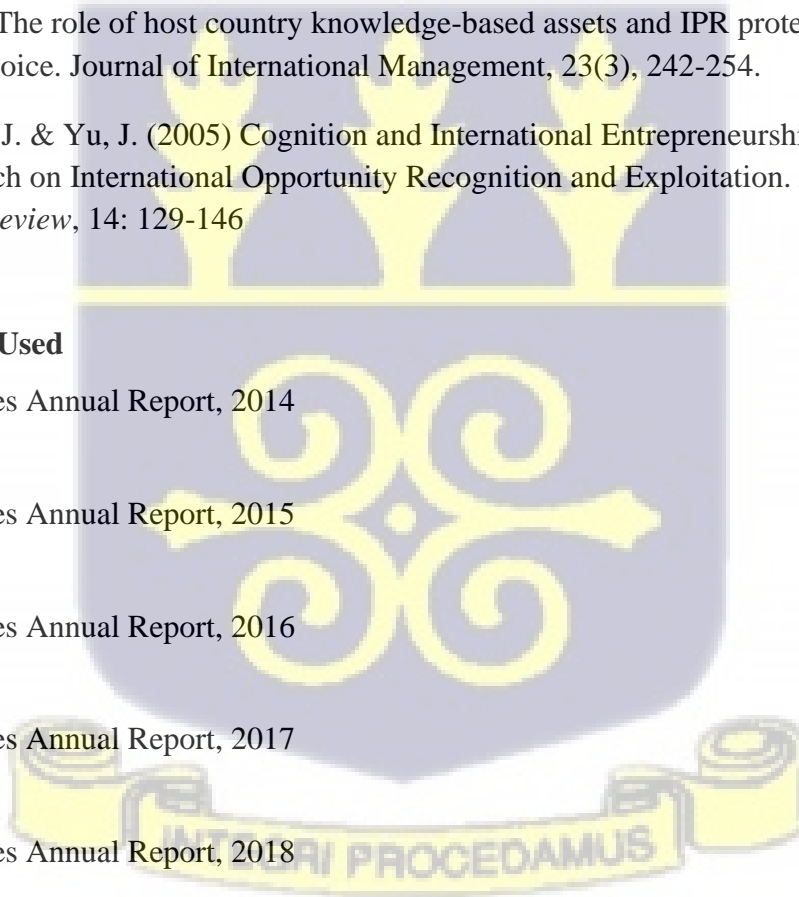
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List of Reports Used

- Blue Skies Annual Report, 2014
- Blue Skies Annual Report, 2015
- Blue Skies Annual Report, 2016
- Blue Skies Annual Report, 2017
- Blue Skies Annual Report, 2018
- Blue Skies Annual Report, 2019



Appendix I: Interview Guide for Staff at Blue Skies Ghana Limited



**UNIVERSITY OF GHANA BUSINESS SCHOOL
DEPARTMENT OF ORGANISATION AND HUMAN RESOURCE MANAGEMENT**

The purpose of this study is to examine how ownership, location and internalisation advantages have influenced the internationalisation activities of Ghanaian firms using the Blue Skies Company as a Case Study. The research is in partial fulfilment of an MPhil degree in Human Resource Management at University of Ghana Business School. The research is purely for academic purposes. Please be assured that any information you volunteered would be treated with strict confidentiality.

INTERVIEW GUIDE

Section A Respondent Profile

Guidelines: This section seeks information on respondent/company background. Please feel free to provide as necessary and accurate information as possible.

01. Gender
Male Female
02. What is your highest level of education?
03. Could you also state if you possess any special certification or belong to a professional association?
04. What is your rank in this enterprise?
05. What is your official title?
06. How long have you worked in this enterprise?
07. What is the total number of years you have worked in this industry?
08. What type of products/services does your company provide? Local
Continental

Section B: Ownership Advantages

Guideline: This section seeks information on the nature of business of the company and how the positions it to effectively do international business.

Knowledge/Uniqueness of product and Brand

01. Do you possess any unique brands?

02. What makes the brand attractive to others?

Uniqueness of products/ Quality Price Relationship building/Improved products

03. Have you acquired certification for such brands?

04. Does it give you any competitive edge over other players in the industry?

05. Are brands accepted in international markets?

Wholly

Partially

Not in some markets

06. Do new international markets patronize products due to the brand?

07. Does the company possess any unique processes for its products?

08. If your answer is yes, is the unique process patented?

09. Does your company rely on any unique technologies?

10. What percentage of sales has been invested in buying new and improved equipment over the last three (3) years?

11. What is the impact of these technologies?

12. How would your rate prices of your company's products in foreign markets?

Very low

Low

Moderate

Expensive

Very Expensive

Organizational structure

01. How many people make up the top management?
02. How many officers in the top management team are foreigners?
03. How many departments does the company operate with?
04. What is the composition of establishments in other countries?

Wholly owned

Percentage ownership

Management Skills/Owner Experience

01. What is the lowest level of education of the members of the top management?
02. What is the minimum level of experience of top management members in terms of years?
 - 1-3 years
 - 4 – 5 years
 - Above 5 years
03. At what level of experience does one become a member of the management team?
 - 1-3 years
 - 4 – 5 years
 - Above 5 years
04. How often does the company undertake training for management members?
05. Are training done by internal officers or outside trainers?
06. Does company send members outside of the country for training?

Section C Location Advantage

Guideline: This section seeks information on the advantages the company perceives in the location where it operates or intends to launch its products and service.

01. Are you aware of specific policies for the industry in which your business operate?
02. Which three specific policies directly affect your operations in foreign markets?
03. What is your view about these policies? Good Not Reliable Not Good
04. Are there local policies that serve as platform for launching products in foreign markets?
05. What are the main factors that drive your internationalisation activities?

Very Easy

Easy

Normal

Not easy at all

19. What influences your response to the above?

Legal/Policy

Business environment

Human resource

Materials availability

20. Was your company the first Ghanaian firm to launch its products into some international markets?

21. Which factors influenced such decision?

22. Do you rely on some representatives to undertake operations in the international markets?

23. How does the company operate in markets where it does not have established manufacturing plants? Sales branches distributors/wholesalers

Cultural, Legal and Institutional Environment

01. Are there some cultural practices in international markets that can negatively affect your success?

02. What does the company do to minimize such negative impacts?

03. How accommodating are legal and policy framework in new markets?

Very opened Fairly opened Not clearly defined Not opened

04. Does your company receive any institutional support in foreign markets?

05. How does political systems in foreign contribute to the ease of difficulty in doing business?

Industry Market Structure

01. How does industry partner or support our company in new markets?

02. How is entry to new markets?

Very Easy Easy Not Easy very Difficult

03. What is the level of entry barriers to foreign markets?

Minimal Strong resistance None at all

04. What is the nature of the market in foreign markets?

Single dominant enterprise Few large enterprises

Many small enterprises Large buyer firms

Many small buyers

05. Does company have special contracts for sales and supply of raw materials in foreign markets?

06. Which approaches can help Ghanaian enterprises to successfully do business internationally?

Section D Internalisation Advantage

Guideline: This section is intended to elicit information on the advantages inherent in either company establishing and managing its own operations or sub-letting to third parties.

01. What is the level of input prices in the foreign markets where you operate?

02. Do local quality standards influence your operations in foreign markets?

03. How do quality standards of the foreign markets affect your operations?

Highly Moderately Low

04. How does the cost of transportation and communication affect your business?

Highly Moderately Low

05. What is the level of infrastructure for effective business operations?

Highly adequate Adequate Somewhat adequate Not Adequate Not available

06. Does company consider establishing its own-managed operations in other countries cost effective or costly?

07. What are some of the ownership advantages you were able to transfer to your host countries?

08. Why would you consider internalising operations most profitable?

Patent protection

Protect trade secrets

High cost of outsourcing

Local policies and regulations do not effectively support outsourcing

Low level of profit makes it better to own-manage

Section E Internationalization Challenges of Blue Skies

01. What are the main challenges facing Blue Skies in your internationalization activities?

02. How does these challenges affect your international business?

Thank you for your time in participating in this interview.

