

An Empirical Analysis of the Internationalization Process of Small-to Medium-Sized Manufacturing Enterprises

MSc Nana Osei Bonsu's dissertation "An Empirical Analysis of the Internationalization Process of Small-to-Medium-Sized Manufacturing Enterprises: – The Case of Ghana" was examined at the Aalto University School of Economics on 14 December 2010. The opponents were Professor Alain Fayolle (EM-Lyon Business School, France) and Professor Tonis Mets (Tartu University, Estonia). The custos was Professor Paula Kyrö (Aalto University School of Economics).

This study explores how firm specific and key personnel factors (resources) influence the internationalization process of small-to-medium-sized enterprises (SMEs) in manufacturing sector in Africa. SME internationalization has been widely researched but little is known of how and why internationalization takes place in the least developing countries, especially in Africa and such lack of evidence in the literature provides strong grounds for this study.

A critical realism paradigm and mixed method research design were employed. Longitudinal data was collected from 500 SMEs headquartered in Africa and in-depth interviews were conducted with 58 African based CEOs, owners, and key executives from SME manufacturing sector using a semi-structured interview guide. The quantitative data was analysed by using windows software package (SPSS) for non-parametric statistical test and logistic regression analysis, whereas Nvivo software (descriptive and topic codings) were used for the qualitative analysis. The results are largely inductive.

The findings indicate that, compared to non-SMEs, African SMEs are less likely to venture into international markets, and those that do, do so to a lesser degree; they are also less likely to engage in networking with other business, but are more likely to exhibit growth intention. Various paces and myriad of entry modes determine the pattern of internationalization undertaken. A traditional internationalization pattern is strongly evident, although some SMEs exhibited born-again global internationalization pattern as a result of occurrence of some critical events within the firm. These in-

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clude the appointment of managers with the requisite expertise; knowledge and access to international business information. The main drivers of internationalization centred on key personnel managerial capabilities with entrepreneurial orientation as an influential factor, and firm specific factors such as organizational process and networking abilities. The study also found that the production capabilities, domestic market conditions, outcomes (financial and non-financial), are all critical to the international expansion of SMEs in Africa. Compared

to those solely focus on the domestic market, there were some financial benefits to be gained by SMEs in venturing overseas. However, the extent to which they did so had no observable effect on financial performance. Internationalization was also found to place a substantial stress and conflicts among the managers and their dependent families. This study provides new knowledge and important insight to the academic and research community as well as the operational benefit to the manufacturing SMEs and other sectors in Africa economies. ■