Available online at www.asric.org

ASRIC Journal on Social Sciences & Humanities 1 (2020) 94-106

Internationalization of Micro, Small, and Medium Enterprises and Start-Ups in Ghana: Challenges and Drivers

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Received 19 December 2019; revised 30 January 2020; accepted 30 January 2020

Abstract

The contribution of SME's towards the macroeconomics growth and development of the Ghanaian economy is of no doubt significant. At the microlevel, MSME's help reduce household level poverty, unemployment and boost entrepreneurial activities. Despite this, the growth of MSMEs in Ghana has been significantly low, with majority unable to enter the international market or dying with the owner. This study investigated the drivers of SME's and start-ups growth in Ghana and the factors influencing their internationalization. More specifically, the study examines the motives, challenges and inhibiting factors responsible for the internationalization of MSMEs and start-ups in Ghana. Using the cross-sectional data gathered from a sample of 500 entrepreneurs across all the districts in the greater Accra region of Ghana, the descriptive statistics and logit regression analysis was performed. Results from the descriptive statistics shows that frequent power fluctuation and outages, the lack of access to finance, government policies and the risk preferences of the business owner are major drivers of MSMEs and start-up growth in Ghana. The logit regression analysis shows that apart from socioeconomic characteristics, the inability of Ghanaian firms to adopt advance technology, high cost of production, risk preference of the owner, poor quality of the product produce, inadequate capital and the international regulations and competition were the main factors obstructing Ghanaian MSME's from entering into the international market. The study recommends that for MSME's to thrive in Ghana and dare to enter the international market there is the need for policies favouring internalisation, sustainable energy supply, cultural and attitudinal change and better government regulation.

Keywords: Risk Preference, Internationalization, logit regression

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have been documented in the empirical literature as important drivers of job creation, Gross Domestic Product (GDP) and economic development and growth in most developing countries (Fowowe, 2017; International Trade Centre, 2016; Liñán, Paul, & Fayolle, 2019). The MSMEs sector is one of the fastest growing sectors in developing countries. However, the fast pace of growth of global markets have arouse competition and intensified the interdependence of national economies (Knight, 2000), pushing governments to espouse market-oriented policies, both internationally and domestically (Liñán, Paul, & Fayolle, 2019; Acs & Preston, 1997). As a result, MSMEs are progressively becoming international in nature in developing countries. Generally, the decision of firms to

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either enter the international market or not in based on several factors, principal among these factors, is access to funds. An essential obstacle, therefore, inhibiting firm expansion into the international market is insufficient funds(Fowowe, 2017; Malhotra, et al., 2007). Even among the various types of business entities, access to funds is a biggest challenge for MSMEs as compared to limited liabilities and corporations (Fowowe, 2017; Beck, Demirguc-Kunt, & Maksimovic, 2002).

In Ghana, MSMEs gained prominence in the early 1960s and since then, has play important roles in job creation and economic development and are largely regarded as the backbone of the Ghanaian economy. MSMEs in Ghana represent about 85% of all businesses operating in the private sector and contribute about 70% of Ghana's GDP (International Trade Centre, 2016). A significant number of scholarly and empirical articles (Bhatti & Awais, 2012; Fowowe, 2017; Malhotra, et al., 2007) have investigated the challenges affecting the development of MSMEs in particular geographical locations (Wang, 2016) but very little research has been directed towards understanding why MSMEs and start-ups in developing economies have not internationalized. In order to develop a cogent and an expedient policy, it is important to understand the drivers of SME's and start-ups growth in Ghana and the factors influences their internationalization. Data obtained from the Ghana Investment Promotion Centre (GIPC) shows that between 1994 and mid-2011, about 17 registered Nigerian firms where operating in Ghana, yet very little is known of Ghanaian firms operating in other ECOWAS countries much more the African union and the world in general.

More specifically, the study seeks to examine the motives, challenges and inhibiting factors responsible for the internationalization of MSMEs and start-ups in Ghana. To this end, the following research questions were asked in this study:

1. What are the motives for the internationalization of MSMEs and start-ups in Ghana?
2. What are the challenges for the internationalization of MSMEs and start-ups in Ghana?
3. What factors determines the internationalisation of MSMEs and start-ups in Ghana?

These questions were answered using a cross-sectional data gathered from a sample of 500 entrepreneurs across all the major districts in the greater Accra region of Ghana. Research question one and two were answered using descriptive statistics while the logit regression analysis was performed to answer research question three.

2. Literature Review and Theoretical Framework

2.1. Conceptual Review

Generally, the based is based on certain key concepts applied in the business field. The concepts used in this paper include, internationalisation, Micro, small and medium enterprises, risk preferences and start-ups.

2.1.1 Internationalisation

There is no agreed definition of internationalization. Internationalization as used in this refers to the process of increasing involvement of enterprises in international markets. Internationalization defines the process of designing products to meet the needs of users in many countries.

2.1.2 Micro, small and medium enterprises

There is no single, uniformly acceptable, definition of a micro, small and medium enterprises. Micro, small and medium enterprises is defined by the levels of capitalisation, sales and employment. Micro- and small-scale enterprises from the employment perspective refers to employing up to 9 employees, medium-scale enterprises as those employing between 10 and 29 workers, and large-scale enterprises as those employing 30 or more employees (Gockel & Akoena, 2002).

2.1.3 Start-ups

A start-up is a company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founder as they attempt to capitalize on developing a product or service for which they believe there is a demand.

2.1.4 Risk preferences

Risk preference as used in this study refers to the attitude people hold towards risks, which is a key factor in studies on investors' decision-making behaviour.

2.2 Theoretical Review

Numerous theories exist in the empirical literature to explain the internationalisation of business entities. Key among these theories are the Resources Based View (RBV), Transactions Cost Analysis (TCA), Institutional Theory, Eclectic Framework and Uppsala Model. As indicated by Brouthers and Hennart (2007) the most generally functional theories from the point of view of entry mode decision, are the Transaction Cost Analysis (TCA), Resource-based View (RBV), Institutional Theory, Dunning Eclectic Framework and the Uppsala model.

2.2.1 Transaction Cost Approach (TCA)

Transaction Cost Approach (TCA) has become common in the literature (Dwyer & Oh, 1988; Heide & John, 1988), particularly in entry-mode investigations (Klein, 1989; Klein, Frazier, & Roth, 1990). Based on the assumption that markets are competitive with numerous potential suppliers, which reduces the need for monitoring and enforcing supplier behaviour (Hennart, 1989), the TCA approach argues that low-control modes are preferred because the threat of replacement reduces opportunism and forces suppliers to perform efficiently (Anderson & Coughlan, 1987). Nevertheless, when the markets fail, the range of suppliers existing to the firm is constrained leading to "small-numbers bargaining" and the supplier's tendency to behave opportunistically is reduced through stern negotiation and supervision of contractual relationships (Dwyer and Oh, 1988). This thereby increases the transaction costs related to low-control modes. Thus, TCA theory argues that transaction-specific assets meaningfully determine the market efficacy and then decide the governance structure, which, in internationalization, is market entry mode.

2.2.2 Institutional Theory

The general premise of the institutional theory is that firms adopt business structures and practices that are said to be "isomorphic" to those of the other firms due to their hunt to attain legitimacy

(Yiu & Makino, 2002). Davis, Desai and Francis (2000) posited that the two sources of isomorphic pressures that affect a strategic business unit (SBU) entry-mode choice are the internal institutional environment (the parent organization) and host country institutional environment. Contrary to Davis, Desai and Francis (2000), Scott (1995), suggested that the Regulative pillar, the Normative pillar and the Cognitive pillars are the three pillars of the institutional theory. The regulative pillar concerns the rules and laws existing to ensure stability and order in societies while the normative pillar is the domain of social values, cultures, and norms in the societies and cognitive pillar is the established cognitive structures in society that are taken for granted. DiMaggio and Powell (1983) argues that organizations choose a specific form of structure and practice either because it would receive regulative and normative consent since it is vital as a result of their dependence on resources from these environments, or because it is not taken serious as the proper way. Thus, entry mode choice is limited by both internal isomorphism (parent company) and external isomorphism (host country).

2.2.3 Dunning Eclectic Framework

Dunning's Eclectic framework developed by Dunning in 1988 has been severally applied to a mammoth of studies by authors such as Agarwal and Ramaswami (1992), Brouthers, Brouthers and Werner (1996), and Tse, Pan and Au (1997) to investigate the strategies employed by companies to select particular foreign market entry modes. According to the Dunning's eclectic Ownership Loion Internationalisation (OLI) framework of foreign direct investment into an international market by a company is made based on three (3) important variables, which are, Ownership advantages, Location advantages and Internalization advantages

(Dunning, 1995). Thus, ownership advantage refers to the control matters, the costs and benefits of inter-firm relationships and transactions, whereas location advantage focusses on resource commitment matters, the availability and cost of resources. The internationalisation advantage aspect concerns primarily the reduction of transaction and coordination costs. These three group of variables directly affect a business' entry model decision since it influences management's perception of asset power (ownership advantage), costs of integration (internalization advantages), and market attractiveness (location specific advantage) (Agarwal and Ramaswami, 1992). The framework also suggests that when OLI advantages are high, firm will prefer more integrated modes of entry.

2.2.4 Uppsala model

The study was theoretically guided by the Uppsala Internationalization Model. The Uppsala Model is the most widely used in foreign market entry mode research, hence, the adoption of this model. Furthermore, the model was adopted for this study because it helped achieve and best explain the objectives and the results obtained in this paper. The intensification of the activities of firms on international markets has best been explained by the Uppsala model propounded by (Johanson & Vahlne, 1977) and (Johanson & Wiedersheim-Paul, 1975). The model has widely been tested in the manufacturing industries but has not been widely applied in the service industry where this study is focused on. However, considering the growing importance of the service industry and the fact that it is now mixed with light manufacturing firms, the authors deemed it necessary to apply the model for this study.

According to the model, firms internationalize their activities in the immediate physically close markets (those with same or similar cultural and/or geographical features) and gradually move to the distant markets. The propounders further argued that when a firm settles on a new foreign market, it focuses on a low resource commitment mode and will only graduate to higher commitment modes if it had gained enough experiential knowledge form the lower commitment modes (Rodriguez, 2004). The model proposed that firms begin foreign sales with occasional export orders and then move on to regular exports. The commitment of the firms may however decrease or cease completely if performance and prospects are not well met. Uppsala model specifies that the level of commitment may also decrease or cease if performance and prospect are not sufficiently met. The main assumptions of the model are that a firm's knowledge of a market or lack of it is what compels its internationalization activities where market knowledge is a function psychic distance between home and host countries and the firm's accumulated experiences accumulated in the markets. The model asserts that:

1. firms choose new countries for expansion based on their psychic closeness to the host country and moved on to more psychically distant countries if only they gain experiential knowledge from past international operations; and
2. the commitment of resources in selected countries increases in an incremental pattern as the firm gains experience in each market.

2.3 Empirical Review

Hutchinson, Alexander, Quinn, and Doherty (2007) in their empirical study drawing on case study evidence on the reasons small specialist retailers internationalize and the facilitating factors that help them overcome the obstacles to internationalization. Employing the qualitative research technique, Hutchinson, et al., (2007) found that a strong company brand identity is the most significant motive for expansion, other internal and external factors facilitate the international decision-making process.

In their empirical study, Yiu and Makino (2002) found that the more restricted the regulatory environment of the host country is, the more probability that a joint venture will be chosen over a wholly owned subsidiary. In addition, the more restrictive the normative domain of the host country, the more likely the multinational enterprise will choose a joint venture.

Applying the Dunning Eclectic framework, Brouthers, Brouthers and Werner (1996) posited that as locational and ownership advantages increased firms are inclined to employ more integrated modes entry, especially in the case of computer software industry operating in the United State of America.

Tse, Pan and Au (1997) reported that as OLI advantages increased, business organisations tended to employ more wholly owned entry mode into China whereas applying the institutional theory, Davis, et al (2000) found that SBUs using wholly-owned entry modes demonstrated high level of internal (parent) isomorphism.

Butler, Doktor, & Lins (2010) posited that an entrepreneur willing to internationalize should be more skilled than to continue on his domestic market while the influence of socioeconomic factors, such as, education, age and the level of social security within both the domestic and host country has been identified by Hessels et. al. (2008) to influence the willingness of SMEs to grow and export (internationalised).

3. Methodology

3.1 Study Area

The study was conducted in the Greater Accra region of Ghana. The choice of the Greater Accra region of Ghana is because it is the region with the highest concentration of MSMEs in Ghana. Secondly, the Greater Accra region has the highest concentration of diverse kind of MSMEs compared to other regions of Ghana. Within the Greater Accra region, ten (10) main metropolises were selected for this study. The first being the Kasoa Municipal Assembly, the Madina/Adenta Municipal Assembly, the circle business enclave, the Accra business district and the Kaneshie, Tema business center, Spintex, Ashiaman, Lapaz and Nima/Mamobi.

3.2 Sampling Technique

In this study, the multistage sampling technique, made up of purposive and simple random sampling technique was employed in this study. Purposive sampling was employed to sample the various municipal and metropolitan assemblies for the study. The purposive sampling was also used to first collect the list of Ghanaian companies that have internationalised and those which have not internationalised. The list of these firms was then numbered and then later sampled using the simple random sampling techniques. The Rstudio command of “sample” was used to select 350 MSMEs that have not internationalised and 150 MSMEs that have internationalised. On average two MSMEs were interviewed and administered with the questionnaire each day. Due to the bulkiness of the information being requested and to facilitate accuracy of the data being collected, ten (10) research assistants were employed. In all, five weeks was spent in the collection of the data from the owners of the MSMEs in the study area.

3.3 Sampling Size and data analysis

The sample size of the study is 500 MSMEs in Ghana. In each of the ten (10) study area. Since there is no reliable record of the population of all MSMEs in Ghana, the sample size of the study was computed using the minimum sample size criterion (Guadagnoli & Velicer, 1988) required for accuracy (equation 1). This is stated as:

$$n = \frac{p*q*z^2}{e^2} \tag{1}$$

Following the International Trade Centre which estimates that MSMEs constitute over 85 percent of the population (International Trade Centre, 2016), the percentage of picking a MSMEs (p) is given by the 85 per cent. The percentage of not picking an MSMEs (q) is given by the 15 percent, the margin of error (e) is equated to 5 percent and the standard normal distribution (Z) is unconventionally set at 99% confidence level (2.58). Thus, the estimated minimum sample (n) for this study was 339 MSMEs. In order to avoid the issue of incomplete question and high no response rate, an oversampling was done hence the sample size was 500 MSMEs.

3.4 Model Specification

In this study, we consider the probability of going international from the perspective of MSMEs operating in the Greater Accra region of Ghana. The study employs the binary logistic regression for estimating determinants of going international. The choice of the logit model is because the outcome variable, that is the going international or not has two possible outcome, hence, lies in the interval of 0 and 1 (Wooldridge, 2013). The event going international is expression $GI = 1$ and $GI = 0$ represents an event that is not going international. The logistic regression analysis was employed for predicting the probability that $GI = 1$ for known values of the predictor variables $X_1, \ldots. X_k$. This technique helped the researchers to identify the significant and most influential predictor variables affecting MSMEs going international ($GI = 1$). In binary logistic regression, the dependent variable GI is defined as follows (equation 2):

$$Y = \begin{cases} 1\ if\ SMEs\ goes\ international \\ 0\ if\ otherwise \end{cases} \tag{2}$$

The binary logistic regression of a dichotomous outcome variable GI on a combination of k discrete and continuous independent variables $X_1, X_2, \ldots. X_k$ is defined by the following logit function (equation 3):

$$logit(P_i) = ln\left(\frac{P_i}{1 - P_i}\right) = \hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \cdots + \hat{\beta}_k x_k \tag{3}$$

The probability of MSMEs going international is given by the statistical expressions (equation 4):

$$Pr(Y = 1) = \frac{1}{1 + \exp^{(-z)}} \tag{4}$$

Where

$$Z = \hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \cdots + \hat{\beta}_k x_k \tag{5}$$

Using equation (5), the probability of $GI = 1$ (the probability of firm credit participant), given the values contributing variables for access to credit $X_1, X_2, \ldots. X_k$, can be done for any randomly selected firm in the study. However, according to Greene (2002) the coefficients of the logistics regressions only provide the direction of the effect of the independent variables on the dependent variable. Thus, the estimates represent neither the actual magnitude of change nor the probabilities. Instead, the marginal effects are used to measure the expected change in probability of a technique being chosen with respect to a unit change in an independent variable from the mean. The marginal effect was computed by differentiating the coefficients at their mean as follows:

$$\frac{\partial Z}{\partial x_k} = \beta_i\left(Z = \hat{\beta}_0 + \hat{\beta}_1 x_1 + \hat{\beta}_2 x_2 + \cdots + \hat{\beta}_k x_k\right) \tag{6}$$

4. Analysis of Data

4.1 Descriptive Statistics

The descriptive statistics as presented in Table 1 shows that 55.4% of the responding MSMEs entrepreneurs interviewed were males of the average age of approximately 37 years.

Table 1: Descriptive statistics of responding owners of MSMEs in Ghana

Codes			**Total**
Age		Age of SME owner in years (Continuous variables)	37.140
Gender (Female)		Gender of SME owner (Dummy, 1 if male & 0 if female)	0.554
Educational level:			
	Primary	Dummy (1 if highest educational level of owner is primary & 0 otherwise)	0.058
	Diploma	Dummy (1 if highest educational level of owner is Diploma & 0 otherwise)	0.128
	SHS	Dummy (1 if highest educational level of owner is SHS & 0 otherwise)	0.226
	Degree	Dummy (1 if highest educational level of owner is Degree & 0 otherwise)	0.574
	JHS	Dummy (1 if highest educational level of owner is JHS & 0 otherwise)	0.014
Marital Status:			
	Single	Dummy (1 if marital status of owner is Never married & 0 otherwise)	0.464
	Married	Dummy (1 if marital status of owner is Married & 0 otherwise)	0.490
	Divorced	Dummy (1 if marital status of owner is Divorced & 0 otherwise)	0.030
	Widow	Dummy (1 if marital status of owner is Widow & 0 otherwise)	0.160
Religion:			
	Christian	Dummy (1 if religious status of owner is Christian & 0 otherwise)	0.814
	Moslem	Dummy (1 if religious status of owner is Moslem & 0 otherwise)	0.178
	Traditionalist	Dummy (1 if religious status of owner is Traditionalist & 0 otherwise)	0.008
Inability to adopt technology		Dummy (1 if inability to adopt technology does not favour going oversees & 0 otherwise)	0.713
High cost of production		Dummy (1 if high cost of production does not favour going oversees & 0 otherwise)	0.916
Inadequate capital		Dummy (1 if inadequate capital does not favour going oversees & 0 otherwise)	0.914
International regulation		Dummy (1 if international regulations does not favour going oversees & 0 otherwise)	0.463
Cultural Practices		Dummy (1 if cultural practices does not favour going oversees & 0 otherwise)	0.451
Governmental Policy		Dummy (1 if government policy favour going oversees & 0 otherwise)	0.726
International competition		Dummy (1 if international competitions favour going oversees & 0 otherwise)	0.631
Access to funds		Dummy (1 if MSMEs lack access to funds to go oversees & 0 otherwise)	0.599
Language barriers		Dummy (1 if language does not favour going oversee & 0 otherwise)	0.401
Political Stability		Dummy (1 if there is political instability in oversee countries & 0 otherwise)	0.589
Tax rates		Dummy (1 if tax rate in oversee countries is higher & 0 otherwise)	0.609
Business licensing and permit		Dummy (1 if business license and permit is expensive oversees & 0 otherwise)	0.529
Corruption		Dummy (1 if corruption is a problem & 0 otherwise)	0.643
Risk Preference:		**Index of risk-taking behaviour of MSMEs owners**	
Low Risk taking		Ranges from 1 to 3	0.139
Risk-taking medium (3-7)		Ranges from 4 to 7	0.531
Risk-taking High (8-10)		Ranges from 8 to 10	0.330

Source: Authors computation from field survey (2019)

The study also shows that the 1.4% of the MSMEs owners had Junior High School as their highest level of formal classroom education whereas bachelor's degree was the most represented educational qualification (57%) of responding SME entrepreneurs in the study. None of the owners of the MSMEs interviewed was an illiterate or had a master's or PhD degrees. Also, the analysis presented in Table 1, clearly shows that there were more married (49%) owners the MSMEs interviewed followed by individuals who were single (46.4%), widowed (1.6%) and divorced MSMEs owners (3%). In terms of religion, the result clearly shows that 81% of the SME owners are Christian while approximately 1% of the SME owners belong to the African Traditional religion.

Other descriptive statistics shows that 71%, 92% and 91% of the SME owners indicated that they were not able to adopt new technology, their production cost was high, and they did not have adequate capital respectively. From Table 1, 46% indicated that international regulation influences their decision to go international whereas 45% and 73% stated of cultural practices and government policy as determinant of internationalisation respectively. Again 63% of responding SME owners indicated that international competition was an important deciding factor to go international. It was also noticed from Table 1, that more than half of the MSMEs indicated that political instability in neighbouring countries (59%), tax rate for going international (61%), and the business licensing and permit (53%) were important variables that influence their decision to enter into the international market. The analysed data shows that 64% of the responding owners of MSMEs opined that corruption was a major barrier to their company entering the international market. The study reveals that in terms of risk taking, approximately 14% of responding owners classify themselves as low risk takers, 53% were medium risk takers and the remaining 33% were high risk takers.

4.2 Motive for Internationalisation of MSMEs and Start-ups

The reason for going international was re-classified into proactive and reactive factor. The responses are presented in Table 2. The responses show that 80% of MSMEs moved into the international market because of the profit and growth goal motive. The most important goal for going international according to the responses was the identification of foreign market opportunities or market information. The finding further shows that the least reasons for going international was proximity to international customers, unsolicited foreign order and economies of scales.

Table 2: Motives for going international

Responses	Percent (%)
Proactive (average responses)	48.889%
Profit and growth goals	80.000%
Managerial urge	33.333%
Technology competence / unique product	36.000%
Foreign market opportunities / market information	82.667%
Economies of scale	24.000%
Tax benefits	37.333%
Reactive Factors (average responses)	32.889%
Competitive pressures	45.333%
Domestic market: small and saturated	50.667%
Overproduction / excess capacity	28.667%
Unsolicited foreign orders	24.000%
Extend sales of seasonal products	24.667%
Proximity to international customers /psychological distance	24.000%

Source: Authors computation from field survey (2019)

Other reasons for internationalisation among firms include small and saturated domestics market (50.67%); competitive pressures (45.33%), tax benefit (37.33%) and overproduction or excess capacity (28.67%). Averagely the reason for going international were more proactive (approximately 49%) than reactive (approximately 33%). The motives stated in Table 2 confirms the Uppsala model that information or knowledge of the market in both the domestic and host market compels business entities to enter the international market.

4.3 Determinant of internationalisation of MSMEs and Start-ups

As shown in Table 3, we found that access to funds, language barriers, tax rates, business licensing and permit were not significant variables influencing the internationalisation of MSMEs in Ghana.

A detail analysis of the results shows that an increase in age by a year leads to the 1.3% probability of the Ghanaian MSMEs going international. Thus, older MSMEs owners are more likely to enter the international market than younger MSMEs owners. In addition, the findings of the study show that males owners of MSMEs are more likely to go into the international market than female MSMEs owners. The educational status of the MSMEs owners was more likely to influence the internationalisation of the MSMEs in a positive direction. For instance, compared to MSMEs owners with primary level of education, the study report that individuals with Diploma and SHS certificates were more likely to enter the international market. In the case of Diploma and SHS certificate holding entrepreneurs, there were 12% and 14% probability of internationalisation respectively. In term of marital status, the findings show that there was an 82% probability that widows were less likely to enter the international market than married MSMEs owners. The religion of the MSMEs owner also played an influential role in the decision to either enter the international market or not. Moslems were found to be less likely to enter the international market than Christians.

Table 3: Determinant of International of MSMEs and start-ups

		Logit		Marginal Effect	
		Estimate	Std. Error	dF/dx	Std. Err.
(Intercept)		-2.812	2.485		
Socio-economics					
Age		0.1723***	0.0548	0.013***	0.004
Gender (Female)		1.801**	0.7796	0.107**	0.043
Educational level:	Diploma	5.003*	2.895	0.117***	0.041
	SHS	3.323*	1.815	0.143**	0.066
	Degree	2.26	1.644	0.255	0.263
Marital Status:	Single	-0.664	0.9099	-0.054	0.082
	Divorced	-1.468	3.103	-0.197	0.613
	Widow	-4.643*	2.583	-0.820***	0.236
Religion:	Moslem	-3.188***	1.135	-0.484**	0.204
	Traditionalist	0.2797	3.173	0.019	0.196
Control variables:					
Inability to adopt technology		-3.324**	1.529	-0.473*	0.278
High cost of production		-6.34***	2.461	-0.908***	0.067
Inadequate capital		-4.201***	1.512	-0.753***	0.207
International regulation		-2.975*	1.735	-0.548	0.386
Cultural Practices		2.471**	1.051	0.170**	0.067
Governmental Policy		4.78E+00**	2.44E+00	1.89E+01***	6.17E+00
International competition		-3.90E+00	4.19E+00	1.29E+01***	4.50E+00
Access to funds		0.1602	1.413	0.012	0.107
Language barriers		-0.6046	1.726	-0.058	0.197
Political Stability		-3.583***	1.081	0.169***	0.045
Tax rates		-1.864	2.343	-0.264	0.492
Business licensing and permit		-3.41E-05	4.2E-05	-2.64E-06	3.18E-06
Corruption		-1.53E+01	1.87E+02	-9.92E-01***	3.49E-02
Risk Preference:					
Risk-taking medium (3-7)		-4.027***	1.437	-0.326***	0.126
Risk-taking High (8-10)		-2.174	1.818	-0.267	0.304

In terms of the control variables, the analysis shows that the inability of MSMEs to adopt modern technology was a major disincentive to enter the international market to conduct businesses. Furthermore, the high cost of production of goods and services by MSMEs in Ghana was a major factor inhibiting the internationalisation of MSMEs in Ghana. The inadequate capital was found to reduce entry into the international markets by 75%.

On the contrary, we find that the Ghanaian cultural practices increasing the participation of MSMEs owners into the international market. Government policy was found to increase participation into the international market whereas international competition increases MSMEs participation into the international market. Political instability -in the neighbouring countries surrounding Ghana have a negative effect on the probability of firms going to the international market, but we also found out that corruption was an inhibiting factor for Ghanaian firms entering the international market. The risk attitude of MSMEs was found to decrease participation into the internationalisation of MSMEs in Ghana.

5. Discussion of Results

Old age is used to represent experienced, hence, the expectation is that all other thing being equal experience MSMEs owners will enter the international market than non-experience business owners. This largely confirms the Uppsala model which indicates that the firm's accumulated experiences play a significant role in the decision of the firm to enter the international market.

The study shows that older MSMEs owners are likely to enter the international market than younger MSMEs owners. This finding is consistent with the Organisation for Economic Co-operation and Development (OECD) (1997) which shows that dynamic MSMEs in the international circles are owned and managed by male who are between the ages of 40 and 50 years. Our finding also confirms that male owners of the MSMEs sampled are more likely internationalised compared to female owners of MSMEs. The (OECD) (1997) argues that the female businesses seem to have a higher rate of failure than male businesses, hence are less likely to enter into the international market compared to their male counterpart. Additionally, female entrepreneurs are more likely to be denied loan facilities from formal financial institutions than male entrepreneurs (Kuada, 2009), so with very little funds and reliance on social networks for seed capital it is very challenging for female owned MSMEs to enter into the international market.

Furthermore, higher level of education is associated with knowledge. It, therefore, does not come as a surprise that those with higher level of education tend to enter the international market to conduct businesses. MSMEs owner with higher level of education considers themselves as well "trained professionals" (OECD. 1997) and skill individuals who understand the general business jargons and what is demanded in the international market. By implication SME owners with higher level of education are more likely to influence their businesses' capacity to enter the international market than those with primary level of education. Furthermore. Ghanaian start-ups which have managers with higher level of education aim at making profit, hence, are focussed on opportunity recognition and market awareness in foreign markets and businesses and appear more probable to succeed in the international market. Marital status positively influenced the decision of MSMEs to internationalised as found in this study. This is because married couples can put their resources together and generate enough funds for them to enter the international market when compared to single individuals, such as widow.

Moslems were found to be less likely to enter the international market compared to Christians because the Islam does not encourage profiteering. Our findings contradict those of Richardson and Rammal (2018) who reported that all the Moslem religion that commitment to a common religion among negotiators positively influenced certain components of the negotiation process and enables Moslem companies to internationalised.

The study shows that the inability of MSMEs to adopt modern technology negatively influence the internationalisation of MSMEs in Ghana. The inability of MSMEs to adopt modern technology implies that they rely on obsolete technology which does not help them produce at a cheaper cost and more efficiently. Literature shows that on average between 30 and 60% of MSMEs are characterised as innovative and 10% are technology-based (OECD, 1997). Kos-Łabędowicz (2013) argues that the usage of internet and modern technology has a greater influence on the internationalisation of firms and business entities. Lee, et al., (2012), although do not entirely disagreeing with this statement, point to the fact that technology resources do not in any way provide a direct survival benefits, but acts as a moderator in the internationalization-to-survival relationship. The high cost of production among MSMEs in Ghana can be attributed to many factors. Key among these factors are the frequent power outages, which implies that MSMEs in the production processes will have to rely on using generators for their production. The Volta River Authority (VRA) (2015) report that the power fluctuation led to the collapses of many MSMEs operating in an energy intensive business and also affected the social life of individuals. In addition, the high depreciation rates of the Ghana Cedis have a negative effect on Ghanaian MSMEs going entering the international market. Most raw materials used for production are imported, thus, the depreciation of the Ghana Cedis increases the cost of production making internationalisation of the MSMEs less attractive. Furthermore, the high rental cost and the litigation of lands due to the unclear ownership significantly increase the cost of production of MSMEs in Ghana. This finding largely corroborates the Transaction Cost Analysis (TCA) theory

The Ghanaian cultural in the first place does not encourage the setting up of business but encourages individuals to “finish school and go and search for a job”. There is very little encouragement of entrepreneurship and setting up of once business. Furthermore, the cultural of “small thinking” is perhaps a reason why Ghanaian MSMEs are not transforming and going global because the average Ghanaian SME business owner is usually not ambitious or thinking big and thinking global. The SME owners in Ghana usually have no big aims and dreams for his business, hence, do not think beyond the shores of Ghana.

Political instability of the neighbouring countries has a negative influence on Ghanaian MSMEs going international. For instance, the instability of countries like Cote D’Ivoire inhibited many Ghanaian MSMEs from entering that country. Bhatti and Awais (2012) argued that political instability, legal procedural, corruptions and inadequate legal supports are barriers to entering foreign markets. Corruption at the border are barriers inhibiting factor Ghanaian firms from entering the international market. The common forms of corruptions at the Ghanaian borders are bribery, extortion, fraud, embezzlement, and nepotism at the border. Similar findings have been reported by Morrissey and Udomkerdmongkol (2012) who suggested that corruption discourages both domestic and foreign investments. Corruptions has a significant effect on the decision of MSMEs to enter the international circles hence, the significant barriers. We find that risk has a significant impact on the decision to enter the international market. Risk attitude have been reported in the empirical literature to have a negative effect internationalisation of MSMEs (Morrissey & Udomkerdmongkol, 2012).

6. Conclusion

The study employed the logit model to the primary data gathered from 500 MSMEs to examine the factors determines the internationalisation of MSMEs and start-ups in Ghana. In addition, the different motives and challenges responsible for the internationalization of MSMEs and start-ups in Ghana were analysed. The study largely confirms the theory of the Uppsala model of Johanson and Vahlne (1977) on the internattionalisation of MSMEs. The study concludes that MSMEs in Ghana understand the benefit of internationalisation but are inhibited by several factors. Important inhibiting factors are age, gender, educational level, marital status and the religion of the SME owner. In addition to this, the study concludes that the inability to adopt modern technology, the high cost of production, political instability, inadequate capital, international regulation, cultural practices, the risk attitude of the SME owners are significant factors influencing the internationalisation of MSMEs in Ghana. Furthermore, governmental policy, international competition, political instability and corruption also inhibit the internationalisation of MSMEs in Ghana. From these findings the study concludes that MSMEs can use the internet services (e-commerce), which is a cheaper means of internationalisation and a way of expanding. In addition, government policy should be designed with the help of the Ghana Standard Board to help strengthen the coordinating between MSMEs and Ghana Export and Promotion Council. This will help to develop an elaborate SME support to MSMEs enter the international market and manufacture products of international standard. Finally, the study recommends attitudinal and cultural changes as it will encourage SME owners to enter the international market.

7. Acknowledgments

We would like to acknowledge all the research assistants who helped in the collection of the data for this study.

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