Master's thesis

Professional sales management

2023

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THE PROS AND CONS OF MARKET ENTRY MODES OF FINNISH BUSINESSES IN WEST AFRICA

– Case study of Finnish businesses

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MASTER'S THESIS | ABSTRACT

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The present master's thesis focuses on investigating the market entry modes used by Finnish companies when entering the West African market. The aim of the study is to gather information on how to enter the West African market. The primary target group is internationalizing Finnish companies that are willing to introduce an existing or new service/product/technology into the African continent in order to expand and take the opportunities.

The collected data were analyzed based on the theories of international market entry modes/internationalization/international trade. The empirical part of the study is based on the analysis and study of the theories related to the subject and market as well as on the data collected and current information about the companies. The study summarizes the most common market entry modes and their advantages and disadvantages.

This study discusses the recent economic development of West Africa/Africa and presents an overview of the Finnish case companies and how they perceive entering the West African market. The study employed qualitative research methods partly since the companies involved are three in number, namely, Atbo-invest, Normet and Habitat, and partly to gather precise and quality information on how to enter the West African market.

Finnish business council West Africa (FBCWA), which is the commissioning body for this thesis, introduced the above-mentioned companies to the researcher and facilitated the process of approaching them for interviews.

KEYWORDS: Market entry modes, internationalization, international trade, West African markets

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LIST OF ABBREVIATIONS (OR) SYMBOLS

ACP	Africa, Caribbean and Pacific
ECOWAS	Economic Community of West African States
EPA	Economic Partnership Agreement
EU	European Union
FBCWA	Finnish Business Council West Africa
PIF	Public Sector Investment Facility
SSA	Sub Saharan Africa
TCE	Transaction Cost Economics
UNCTAD	United Nation Conference on Trade and Development

1 INTRODUCTION

1.1 Background

International trade is a critical component of today's economies, and the current pace of growth could not have been accomplished without constantly lowering the barriers to international trade. In Africa and Europe, a new strategy is emerging where the European Union (EU) is responding to Africa’s call for balanced partnership in trade agreements.

Africa is now viewed as a realm of opportunities, where several economies are developing extremely fast, and the African middle class is experiencing rapid growth. At the same time, migration from Africa to the EU has become an important issue.

The determining factors for trade and investment flows have changed, tariffs have fallen globally, reducing their importance, allowing global value chains to arise, and making the economic and political framework even critical for national competitiveness. Direct foreign investment is regarded as a decisive factor for securing growth and employment.

West Africa is the EU's leading economic partner among Africa, Caribbean, and Pacific (ACP) regions, with strong ties to the EU politically and socially. Nigeria and Ghana are the two biggest economies in West Africa. AfrikaTech (2020) estimates that the Nigerian economy is worth $494.83 billion, the biggest economy in Africa and West Africa, and the Ghana economy is worth $69.76 billion. The main economic drivers in Ghana are oil, infrastructure, and commodity exports.

In the period 2008-2013, there was a continuous economic growth of 4.8% in West Africa annually, and within that same period, West African trade with the EU was 70%. In 2014, West African exports to the EU €37 billion, and imports from the EU amounted to €31 billion of goods. (European Commission, 2016). These positive trends and other economic factors in Africa need to continue through balanced trade deals. For the growth and progress of Africa, the development of exports, trade and production must be promoted.

Many EU countries, including Finland, have already started reviewing the present modes of cooperation. According to the Finnish government website, Business Finland and the Ministry for Foreign Affairs have developed new financing instruments to support business and productive activities in emerging markets (Soini, 2018). These instruments are Business with Impact (BEAM), Public Sector Investment Facility (PIF), Finn-partnership and Finn-fund. These instruments are constantly being developed and applied for Finnish businesses with internationalization interest in the West Africa region.

1.2 The aim of the study

Finnish businesses seeking to internationalize have found business partners, agents, distributors in Africa and West Africa to extend or expand their businesses in this region, with some operating wholly owned subsidiaries. A couple of Finnish companies currently operate in West Africa that benefitted from Finn partnership Trade Fair in 2019. Many Finnish companies sent their marketing materials through Finn partnership to the seminars even though they were not physically present at the workshops. (Finn partnership 2019.)

It is worth mentioning Finnish companies such as ATBO-invest, Normet Oy, and Habitat, which would be discussed in detail later in this thesis. The Finnish Business Council is an independent network of professionals and companies who want to make awareness about Finland and Finnish companies in West Africa. The Finnish Business Council West Africa (FBCWA) assists Finnish companies to set up locally, offering business development services and advice on West African and Ghanaian business practices. (FBCWA, 2021). The purpose of this thesis is to gather information that would be useful for Finnish companies that would want to internationalize or do business in West Africa. The goal is to bring more knowledge and understanding about trade between the EU and West Africa and the internationalization process of some EU companies in West Africa because much work has not been done in this direction.

In relation to the first increase in knowledge, there are practical difficulties EU businesses face in the new market of West Africa. The plethora of trade barriers on the continent, the lack of networks, the hazardous business environment (Aalto, 2020; Owusu and Habiyakare, 2011) are significant constraints to Finnish businesses seeking economic opportunities on the continent.

Most of these Finnish companies are guided mainly by their home international trade instruments. In relation to the second increase in knowledge, there are few studies on the internationalization of the EU and Finnish firms in West Africa. The studies that are done mostly surround the sectors of ICT and energy. However, little is known on how these firms behave and face numerous entry barriers in the West African markets. The research aims to appreciate the internationalization/international trade between the EU/Finland and West Africa and understand the behavior of Finnish companies entering the West African market. The main research question of interest to the researcher is: What factors influence the market entry strategies of Finnish companies in West Africa? This study will attempt to answer the following research questions. 1. What are the challenges/barriers that Finnish companies encounter entering the West African market? 2. What are the opportunities/enablers that Finnish companies face entering the West African market?

This study area has been chosen because of the author's interest in further studies of the market entry modes in West Africa, having studied the subject on a different course. This subject came about because of the author's quest for a master's thesis topic. Finnish business council West Africa is the commissioning body for this study. Their interest is to share the findings of this research with Finnish companies interested in the West African market.

Organization of the Study

The study will be divided into five chapters. The introduction of this study captures the background, objectives of the study, research questions, purpose of the study, and organization of the study can be found in chapter one. Chapter two handles the review of literature on theoretical frameworks of the research.

A qualitative research approach will be employed. This entails acquiring detailed and rich data (Kauppinen-Räisänen and Grönroos, 2015) using personal interviews. This research method is deemed as being appropriate to explore entry modes of the Finnish firms in-depth and to obtain frank insights (Rowley, 2012) The results of the study are presented in chapter four. It will indicate the findings from the analysis of the data and the discussions of key findings, whilst chapter five will give the study's summary, conclusion, and recommendations.

Based on this background, this study is set to investigate the pros and cons of the market entry modes of Finnish businesses in West Africa. The gaps identified by the researcher, which is motivating this study, are two-fold. First, there are practical difficulties EU businesses face in the new market of West Africa. The plethora of trade barriers on the continent, the lack of networks, the hazardous business environment (Aalto, 2020; Owusu and Habiyakare, 2011) are major constraints to Finnish businesses seeking economic opportunities on the continent. Most of these Finnish companies are guided mainly by their home international trade instruments. Second, few studies of trade and internationalization of the EU and Finnish firms are done in West Africa. The studies that are done are mostly concentrated on the challenges to market entry modes in the areas of ICT and energy sectors.

2 THE RELEVANT THEORIES OF INTERNATIONAL TRADE AND INTERNATIONALIZATION

2.1 Literature review

This section of the thesis presents a literature review. It is divided into two broad sections. The first section presents the theoretical literature on international trade and the various theories underpinning this phenomenon. Internationalization as a theory is singled out and discussed because it is the leading theory guiding this study.

The literature on market entry modes and factors that help oversee companies succeed or fail is also discussed. The second section presents empirical literature on key issues on international trade in Africa and the EU that impacted the study.

The United Nations Conference on Trade and Development (UNCTAD) describes international trade as a set of actions that aim to exchange capital, goods, and services between foreign countries across their international borders. Krugman et al. (2017) explain international trade as economic interaction between sovereign states that produce mutual benefits. A classic definition by Wasserman and Haltman (1962) describes international trade as consisting of a transaction between residents of different countries.

Based on these definitions, it can be deduced that international trade denotes economic activities that involve trading between countries for which the items mostly traded are goods and services. These goods can further be classified into consumer and capital goods. The services may include insurance, travel, foreign patent payments, among others. It is worth noting that these transactions in international trade are facilitated by global financial payments system and trading policies between countries.

Modern international trade trends are at record levels relative to the size of the world economy, thanks to falling costs of transportation and communications. Manufactured goods dominate modern trade. In the past, however, primary products were much more important than they are now; recently, trade in services has become increasingly important. Developing countries have shifted from being mainly exporters of primary products to being mainly exporters of manufactured goods.

2.2 Theories on international trade

International trade theories are formulated to explain the international trade of different countries. Trade theories explain how trade is related to allocating resources, production, and distribution of scarce resources domestically and internationally.

Trade theories are trying to answer what goods are traded internationally and the fundamental laws governing the international allocation of resources. Broadly, the theory of mercantilist, the theory of absolute advantage and theory of comparative advantage come under classical theories.

The Heckscher-Ohlin Theory of International Trade and its variant of Heckscher-Ohlin-Samuelson comes under the neo-classical theories. As Meini (2013) observed, another category of theories forms the New Trade Theories.

These include theories such as Availability Theory of Kravi (1956), Technological Gap Theory of Posner (1961), Product Life Cycle Theory of Hirsch (1967) and Vernon (1966), Theory of Demand Preference Similarity of Linda (1961) and Porter, (1990) Diamond Model international trade. These models attempt to address the shortcomings of the standard trade theory of international trade.

The mercantilist theory of trade

The mercantilist views of international trade explain that nations should discourage imports through tariffs and quotas and encourage exports through export subsidies and support (Verter, 2015). The government has an important role in the state's economy, which is not limited to encouraging exports and discouraging importation. The government should thrive towards export promotion strategy in the economy as this will significantly drive the country's needed macroeconomic goals and objectives. Mercantilists' main concern was increasing the welfare of a nation while obtaining only by decreasing the welfare of other nations. According to this view, the benefit of international trade of a nation was matched with the cost of other nations. Salvatore (2013) noted that the mercantilists measured the wealth of a country by the stock of precious metals it possessed. In contrast, the wealth of a nation is measured by its stock of human, man-made, and natural resources available for producing goods and services. This theory believed that trade is a one-way transaction and a nation's goal should be targeted towards surplus trading. (Salvatore 2013).

Theory of absolute cost advantage

This theory was postulated by Adam Smith in 1776. It emphasizes the need that a country should specialize in producing products where they have an absolute advantage -ability to efficiently produce with minimal cost and wastage of resources with the assumption that labour is the only factor of production in the economy of the state. Smith argued that one nation could produce a certain good with less labour than the other nation and the other nation can produce another good more efficiently. Labour efficiency creates a possible beneficial trade between both nations. There is a main concern in mind after reading the absolute advantage theory that what would happen if a country had absolute advantage in all goods or absolute disadvantage in any of the products. (Seretis and Tsaliki, 2016; Schumacher, 2012).

Theory of comparative cost advantage

This theory was postulated by David Ricardo in 1817 and is still one of the most important concepts in trade theory. The comparative advantage theory says that a country will export the goods and services that it can produce at a low opportunity cost and import the goods and services that the country would produce at a high opportunity cost. However, comparative advantage is derived from an overly simplistic two good/two-country model. Real global trade is more complex, with countries exporting and importing many different goods and services. In summary, this theory is geared toward ensuring countries incur the least costs and get maximum benefits from their international trading activities or partnership with other nations. (Pflüger and Tabuchi, 2019; Schumacher 2012).

Heckscher-Ohlin theory of international trade

This theory was postulated by Swedish economists Heckscher and Ohlin in 1930 to replace Ricardo's theory of comparative advantage with many factors. According to this theory, countries should export only what they can produce efficiently in excess. They further opined that international trade is determined by resource imbalances in the world and nations should take advantage of this resource imbalance to increase not just their capital base and earning but should be an opportunity to develop their region. Furthermore, as regards importation, countries should import only commodities and materials that they need and that they cannot efficiently produce at a minimal cost. (Beck 2020)

This theory was further developed by Wolfgang Stolper and Paul Samuelson (1941) and Samuelson (1949) into Heckscher-Ohlin-Samuelson (or H-O-S) theory of trade. The Samuelson theorem shows that an increase in the relative price of a good increases the real wage of the factor used intensively in producing that good and lowers the real wage of the other factor. Given the additional assumption that neither country specializes in its export commodity, the factor price equalization theorem states that trade equalizes real factor prices in the two countries. (Beck 2020)

New trade theories

As indicated, these theories came about because of the weakness in the classical and neo-classical trade theories. Kravis (1956) questioned the assumptions of the classical theory that technology was the same in all countries. Availability theory states that a country tends to import products/goods and services, that are not available at home. Availability is ascertained/established by natural resources, technological progress, and product differentiation (Gandolfo, 1998). The basic idea of the Availability theory is that a country will import those goods which are not available in the country in the absolute sense and the country must export those goods which are produced more than the domestic needs.

Technology Gap Theory, developed by Posner (1961), describes an advantage enjoyed by a country that introduces new products in a market. The country will enjoy a comparative advantage as well as a temporary monopoly status until other countries have achieved the ability to imitate the new product.

It is commonly accepted that technological innovations have positive impacts on exports since they improve the production efficiency of innovative countries. Posner described that the process of technological change leads to the imitation gap which influences and guides international trade. Ramos & Zarzoso (2010), mentioned that international trade theory highlights the importance of technological innovation in explaining a country’s global competitiveness (Posner 1961; Vernon 1966; Fagerberg 1997).

Vernon (1961) initially proposed the product life-cycle theory. The product life cycle model explains that a product is originally produced for home consumers and exported by the innovating country because of limited initial demand in home and other countries. But finally, it ends up as an importing country of the same product or the same differentiated variety of that product. The product life-cycle theory has been an accurate explanation of new global trade patterns.

Jan Tinbergen (1962) attempted to explain the pattern of global trade with the gravity model. The gravity model advocates that relative economic size attracts countries to trade with one another. However, long distances weaken the attractiveness. The gravity model was initially explained as an empirical one, without any grounding in trade theory, but the widespread adoption of the gravity model to explain patterns of trade has been seen by economists as a significant development on previous theoretical models in international trade.

Michael Porter’s Diamond Model of international trade also comes under new trade theories. It is known as the Theory of National Competitive Advantage of Industries. The model explains why specific industries in a particular nation are internationally competitive, whereas others might not. Porter (2000) explains that any company’s competitiveness in the international arena is based mainly on an interrelated set of location advantages such as Firm Strategy, Structure and Rivalry, Factor Conditions, Demand Conditions, and Related and Supporting Industries. If these conditions are favourable, it forces domestic companies to innovate the new product continuously. (Smit 2010)

2.3 Internationalization theories

This section discusses different theoretical perspectives on the internationalization behaviour of firms that seek to transact business outside their original markets. Welch and Luostarinen (1988) defined internationalization as the process of increasing involvement in international operations, whereas according to Calof and Beamish (1995) internationalization is adopting firms' operations to international market environments. In other words, internationalization is the process of incremental involvement of companies in the international market arena. Internationalization has become part and parcel of companies’ expansion and competitiveness processes to other worlds by all businesses. In this modern world, the earlier companies' step out of their boundaries (home markets), the better for them to explore the opportunities, advantages, knowledge, profit, and the chance to grow and expand through cross border activities. Companies stepping out of their comfort zone bring out the strengths and competitiveness of their core businesses. Based on Solberg and Askeland (2006) categorization, four internationalization theories are presented below.

Incremental internationalization/stages theory

This entry model suggests a sequential pattern of entry into successive foreign markets, coupled with a progressive deepening of commitment to each market. The main consequence of this model is that firms tend to intensify their commitment towards foreign markets as their experience grows. (Hult 2020; Dominguez and Mayrhofer 2017)

Johanson and Vahlne (2009) simplified the processes within this model as (a) Getting the needed market knowledge - the company gets to know the markets by searching the information of the potential customers, business culture, climate, risks, marketing methods and competitors; (b) Commitment and decision making- the company decides on the amount of money and resources the company is willing to put for the whole entry process, a degree of commitment and noticing the needed relationships to the entry; and (c) Final decision and adjustment- the company adapts its business to the wanted markets and to seek opportunities and minimize problems, notice the economic effect, combine the new business with the older productions and remain committed.

Transaction cost economics (TCE)

This theory predicts that a firm will perform those activities internally, that it can undertake at lower cost by establishing an internal management control and implementation system while relying on the market for activities in which independent outsiders (such as export intermediaries, agents or distributors) have a cost advantage. (Lee 2020; Ketokivi and Mahoney 2017).

This approach will mean that a company focuses on planning the whole internationalization process carefully ahead and getting to know the potential markets environment as much as possible. Sarasvathy (2001) observed that large sums are invested to get big returns and maximize the invested amount of money or shares under a problem-free condition in using this approach.

The goal is to have pre-defined decisions using different, trustworthy, and qualified resources and talents (Chandler et al., 2009). Sarasvathy (2001) and Chandler et al. (2009) simplified this approach with these three processes. (a) Inclusive research and forming a fixed plan- the company relies on previously made goals through the whole process and forming a fixed plan on how to enter the wanted markets; (b) Seeking for competitive advantage- the company seeks a more competitive approach in entering and operating in a new market; and (c) Maximizing invested capital- the goal of operating in a new market is to maximize the invested capital and accomplish the pre-defined goals.

The network approach

The network perspective focuses on the business network in which actors are linked to each other through exchange relationships. Their needs and capabilities are mediated through the interaction taking place in the relationships. This differs from the market model, where actors have no specific relations to each other (Hämäläinen 2020; Purwanto 2020).

Again, Sarasvathy (2001) and Chandler et al. (2009) simplified this approach with these three processes. (a) Seeking for partners and forming alliances; (b) Reacting to environmental contingencies; (c) Accomplishing appearing goals and growing the organization

The global management

The global management perspective identifies an increasing number of firms that do not follow the pattern of the traditional stage in their internationalization process. At inception, a firm pursues a vision of becoming international and globalize rapidly without any preceding long term domestic or internationalization (Paul and Rosado-Serrano 2019; Kokavcova 2016; Gabrielsson and Kirpalani, 2004). Oviatt and McDougall (1994) grouped international new ventures into four different categories, dependent on the number of value chain activities performed combined with the number of countries involved. For example, they distinguished the ‘export/import start-up’ from the ‘global start-up’, whereby the latter – contrary to the former – involves many activities coordinated across many countries.

After some brief explanations of these internationalization perspectives, it is noticeable that the company's size plays a role in internationalization and the expertise they already have. Next, Walsh (2020) explains how a business can be internationalized by stating 8 key steps in the internationalization process.

1. Choose your expansion country
2. Conduct market research
3. Plan your entry
4. Evaluate your market position
5. Consider your target
6. Fine-tune products and services
7. Evaluate core competences
8. Analyse supply chain and value chain options.

2.4 Market entry modes and international market selection

Brassington and Pettitt (2006) observed that the choice of an entry mode to a new foreign market can be achieved through the following mechanisms:

(a) Exporting

(b) Licensing

(c) Franchising

(d) Strategic alliances

(e) Contacting

(f) Joint Venture

(g) Subsidiary

(h) Direct Investment

Exportation of goods and services is the direct sale in another country. It is probably the most known and the lowest risk approach to foreign market entry (Ang, Benischke, & Doh, J. 2015; Schellenberg, Harker, & Jafari, 2018). It can also be cost-effective because you do not need to invest in your selected country's manufacturing plants. The challenge that exporting as a mode of entry in foreign trade is the incidence of transportation cost. Again, firms must contend with a large percentage of advertisement cost when using exporting as an entry mode. Multinationals and local firms leverage exporting as an entry mode in international trade. Many contractual issues must be signed and or undertaken by the numerous parties within exportation tariff, which can be used as a protectionist strategy or for government to increase its revenue base (Ang, Benischke, & Doh, J. 2015; Schellenberg, Harker, & Jafari, 2018).

With regards to licensing, company “A” may allow company “B” to use its property while in another country or different jurisdiction at a fee. The property is often intangible. Example of license property includes patent, trademarks, and production techniques (Ravelomanana, Yan, Mahazomanana, & Miarisoa, 2015). Licensing often has a time dimension, and thus firms granted the permission to use property may lose such right upon the expiration of the agreed period (Chung & Lee, 2015).

Under Franchising, an individual or a business institution is granted the right to serve as a sole distributor of a main company's product and/or service. Thus, the franchisee has the right to use the name and property of the leading business in providing services to numerous clients over an agreed period and conditions (Burton & Cross, 2015; Rosado-Serrano, Paul, & Dikova, 2018).

Under franchising conditions, the principal firm minimizes cost and experiences a low risk of market entry. Again, the business can leverage the expertise of the leading company to drive new business opportunities (Rosado-Serrano, Paul, & Dikova, 2018).

A strategic alliance with a local partner is another path to enter foreign markets. A strategic partnership includes a binding contract between two or more companies that requires the Parties to work in some way to achieve a common goal for a certain period (Pratono & Ratih, 2019). The companies must decide what benefit a partner can bring to the business, in both tangible and intangible aspects, if the Alliance approach is appropriate to the company. Benefits of a partnership with a local company are that the local company is likely to know better than an external company, local culture, industry and business practices (Kraus, Ambos, Eggers, & Cesinger, 2015; Pratono & Ratih, 2019). Value is given to partners with an acknowledged and credible brand name in the region or established client relationships that the company would like to access. Strategic alliances also benefit small business firms which may be too small to invest on their own to enter the new market (Kraus, Ambos, Eggers, & Cesinger, 2015; Pratono & Ratih, 2019).

In some instances, a domestic company may enter a foreign company under a jointly owned business. This joint venture business engagement provides both firms access to their respective economies for trade. Through this common ownership arrangement, the two companies offer their management and share some control in the new business.

Through the joint venture, both companies can gain knowledge from the different markets, present the opportunity to share the cost and expand trade opportunities (Nisar, Boateng, & Wu, 2018; Qunyon, 2017). A joint venture, however, presents a new trend of risk that the business must deal with.

The business must also continually deal with who to take up the proportion of investment and which investment will yield the best return on investment to both parties (Nisar, Boateng, & Wu, 2018; Qunyong, 2017). It must be asserted that joint venture mode of entry may span multiple countries.

Another market entry mode is direct investment. Direct investment mechanism is where firms decide to enter a country in operating full-scale production. Thus, a firm does complete production and or manufacturing and advertisement at an aggressive level. Direct investment could also take the form of taking up a subsidiary within another country or economy. Direct investment requires a huge amount of capital investment and very risky (Chen, Yao, & Malizard, 2017).

Moreover, Hollensen (2001) maintained that factors such as socio-cultural characteristics of countries, country risk and demand uncertainty, market size and growth, direct and indirect trade barriers are factors influencing selection of market entry mode. De Burcaet al., (2004) intimates that laws and regulations are external factors influencing the choice of foreign entry modes by firms. Root (1994) identified geographical distance as an external factor affecting the choice of foreign entry modes by firms.

Brassington and Pettitt (2000) observed that speed, cost, payback, and long-term profit objectives are internal factors influencing the choice of foreign entry modes by firms. Hollensen (2001) maintained that factors such as company size, international experiences, product complexity and differentiation, risk, control, and flexibility are internal factors influencing the choice of foreign entry modes by firms.

Fredrick and Webster (1992) identified relationships the company has with its suppliers and customers as internal factors influencing the choice of foreign entry modes by firms. De Burcaet al., (2004) identified managerial reasons as internal factors influencing the choice of foreign entry modes by firms.

2.5 Trade between West Africa and the EU

Trade among countries within West Africa and those within the European Union (EU) is largely captured under the European Union–West Africa economic partnership agreement (Bouët, Laborde &Traoré, 2018).

West Africa continues to be the largest region and trade partner for countries under the European Union (Sakr, 2020). Trade among these regions has been textiles, machinery, fuel, chemicals and pharmaceutical products, mineral reserves, food products, fisheries, agribusiness, among others (Bouët, Laborde, & Traoré, 2018; Sakr, 2020).

In the areas of services, the trade between EU-West Africa continues to expand, focusing on transportation, business services, logistics, and travel. The trade between EU and West African has further consolidated the free trade access of those Least Developed Countries within the Economic Community of West African States (ECOWAS).

Remarkably, import duties have been lowered among these countries by the EU. Under the Economic Partnership Agreement (EPA) with West African countries, the focus is on consolidating economic development. The issues of sustainable development, investment and broad trade-related issues are addressed.

It must be asserted that for EPA to be operational and legally effective, all countries within a region must append their signature. Within West Africa, Ghana has signed on to the EPA, while Nigeria the leading trade partner within the sub-region, is yet to sign on to the EPA (Fasan, 2018). West Africa has sixteen (16) countries, thirteen (13) out of sixteen had signed onto the EPA in 2014. In 2018, The Gambia and Mauritania signed onto the EPA, with Nigeria being the only country yet to append its signature.

But currently, all the countries benefit from EU trade under the “Everything-But-Arms” preference scheme (Fasan, 2018). Under the EPA, countries enjoy the possibility of sourcing materials from other countries, thus relaxing the stringent Rules of Origin. EU’s trade engagement with West African countries is at least considered on two fronts: trade with those that fall under the Least Developed Countries (LDC), and those that are not LDC such as Côte d’Ivoire, Cape Verde, Ghana, and Nigeria (Bouët, Laborde, & Traoré, 2018).

Non-LDCs trade under the EU General System of Preferences (GSP) market access, whilst other countries within the LDC bracket gain market access under the Everything But Arms (EBA) preference.

Figure 2. 1 EU-ECOWAS EPA Implementation stages (Fasan, 2018)

Group	CET	T	T+5 (2020-24)	T+10 (2025-29)	T+15 (2030-34)	T+20 (2035)
D	0	***Exclusion (i.e. no change)***				
	10					
	20					
	35					
C	5	5	5	0	0	0
	10	10	10	5	0	0
	20	20	20	10	5	0
B	0	0	0	0	0	0
	5	5	0	0	0	0
	10	10	0	0	0	0
A	0	0	0	0	0	0
	5	5	0	0	0	0

- Group D: exclusion (25% of tariff lines, covering “sensitive” locally manufactured products)
- Group C: mainly final consumption goods, e.g. watches, cameras
- Group C: mainly inputs and intermediate goods
- Group A: essential goods, basic necessities, basic raw materials, capital goods

*Common External Tariffs (CETs)

Notwithstanding the considerable benefits of trade with the EU from West Africa, some challenges inhibit the smooth flow of trade (Ogbodo, 2020). Particularly, packaging and product quality issues continue to be a bane in the trade between EU countries and those within West Africa. In 2015, vegetable produce from Ghana was banned due to the case of infested farm produce.

As a result of this ban, Ghana lost about US$30 million in revenue (Kwofi, 2017). In 2016, 26 food products from Nigeria were banned due to health and safety concerns (Fasan, 2018). The implementation of capacity building for West African exporters, as enshrined in Article 33 of the EPA, has been questioned as local exporters continue to lack the required capacity to export in volumes to the EU market (Ogbodo, 2020).

The EU agrees to finance projects in West Africa related to trade, industry, energy, transportation infrastructure, and funding to cover the fiscal effect of enforcing the agreement during the tariff dismantling phase (Article 60 (3)). It promised €6.5 billion from 2015 to 2025 and equivalent sums until 2035 to meet the EPA's development goals. Furthermore, it agrees to assist West Africa in obtaining additional funds for the agreement's development component from other donors (Article 54(4)) (Fasan, 2018).

2.6 Trade between West Africa and Finland

Trade and trade balance between Finland and ECOWAS has been commendable, with huge growth prospects for the future. Particularly, from the 2014 to 2020 fiscal years, Finland recorded a trade volume of €1,315,367,000. There was a trade balance of €1,236,291,000 for the period under consideration (Finnish Customs, 2020).

Table 2.1 Finland and ECOWAS Trade Balance (Finnish Customs, 2020)

	Import 1,000 €	**Export 1,000 €**	**Trade 1,000 €**	**Trade Balance 1,000 €**
Total	39,538	1,275,829	1,315,367	1,236,291

Finland Trade with ECOWAS is centered around products such as Food and live animals, Chemicals and related products. Beverages and tobacco, Crude materials, inedible, except fuels, Mineral fuels etc., Basic manufactured goods, Machinery, transport equipment, and Miscellaneous manufactured articles (Finnish Customs, 2020).

Summary of the theory

Based on the international trade theories and the internationalization theories discussed above, the researcher will adopt the theoretical framework to guide this study. The study would consider trade between the EU/Finland and West Africa and the internationalization theories that explain the behaviour of the companies entering the West African market.

New trade theories such as the innovation gap theory and Porter's Diamond Model of international trade became helpful due to the technological gap between West Africa and the EU. Bigger subsidiaries are coming to West Africa with technological insights and know-how to explore the possibilities, opportunities, and challenges. Berezvai (2020) had opined that gains and losses of freer international trade are materializing unequally in society, and the net positive effect of international trade is non-linear.

This, Porter (2000) believes it could determine the positive and/or negative impacts of international trade on consumers, firms, and national economies. There are enormous benefits and opportunities for technological advancement for businesses to internationalize to West Africa. These benefits and opportunities include expansion of business to a new market for growth, revenue and learning a new skill and tapping into new market knowledge. Businesses also seize the opportunity to learn more about cross-cultural management and the likes. However, there are also some prevalent challenges in new markets for many companies when expanding to a new marketplace. The challenges are diverse, these include language barriers, culture and traditions, exchange rates, central and local government policies, fierce competition, distribution, and the likes in the new market environment. In a nutshell, it is imperative for businesses to thoughtfully consider all factors affecting internationalization processes, being it internal or external. By so doing, there is a considerable possibility to avert most of the challenges that a company is likely to encounter abroad when it decides to expand to the international market, if not all. The central idea of Porter's National Competitive Advantage theory is on the country's innovativeness. Also known as the Porter's Diamond Model examines how countries can leverage their innovativeness during international trade to increase national wealth (Huggins & Izushi, 2015; Öz, 2019).

3 RESEARCH METHODOLOGY

3.1 Introduction

This section of the study provides the details of the research methodology adopted to address the objectives of this study. The philosophical assumptions underpinning the research design examined together with the justifications for using qualitative methods for this study. The main issues discussed in the chapter are selecting participants and companies, collecting data for analysis, an overview of the data analysis procedures, and ethical considerations employed.

Research Design

The research design involves the strategy used in executing the study. It considers the processes of data collection and analyses. According to Creswell and Poth (2017), three different conditions should be met to operationalize the research design strategy effectively. These conditions are the type of research questions stated for the study, the degree of control the researcher has over the actual behavioural event, and the attention placed on contemporary events compared with behavioural events (ibid, p.62). This study aimed at appreciating the internationalization/international trade between the EU/Finland and West Africa and understand the behavior of Finnish companies entering the West African market.

The qualitative method is the approach used in the study. This approach is inductive and relies on the use of in-depth interviews to arrive at its findings. The philosophy underlying this principle is interpretivism, in which results obtained are subjective and, therefore, cannot be generalized. This approach seeks illumination, understanding, and extrapolation of findings (Flick, 2014).

It helps to provide a deep understanding of situations of interest to the researcher. To Kauppinen-Räisänen and Grönroos (2015), the real purpose of qualitative research is not counting opinions or people but rather exploring a range of views and the different representations of the issue. The researcher wanted to understand the challenges/barriers that Finnish companies encounter entering the West African market, the opportunities/enablers that Finnish companies face entering the West African market. The researcher perceived that this approach, as a theoretical lens, will reveal the experiences of business actors in the processes of internationalization. According to Creswell and Poth (2017), some of the strengths of qualitative research are the richness of data, showing understanding and creativity in conceptualization. It is research that inspires discussions and advances a research idea. They maintained that qualitative methods are used more often within the interpretivism paradigm as they are presumed to be better suited to investigate the truth about a phenomenon.

In short, this study adopted an interpretive research paradigm. An interpretive researcher accepts as accurate, both reality and knowledge are created and replicated through communication, interaction, and practice (Creswell, 2013). Therefore, learning about reality is always facilitated by the researcher. Undoubtedly, the interpretive paradigm suggests that it is necessary to examine social action from this standpoint.

3.2 Selection of company cases and study participants

In general, qualitative studies are also concerned with understanding the characteristics of the places where the phenomenon of interest may be found and explored (Yin, 2013). The study made use of Finnish companies that are working in the West African market. The companies range from service, mining and agricultural companies. Below are the profiles of the companies used in the study.

ATBO-Invest

ATBO simply means, African Trade and Business Opportunities. ATBO-Invest is a Finnish limited company that operates in different businesses in West Africa and Africa. The goal of the company is to operate sustainably in all its endouvours (cocoa and cashew farms), and to work with the local people, also to add value to the company's products.

Increasing the living standards of the local communities and providing investment opportunities where ATBO-Invest transacts business, are some of the company's aims. The core business area of the company is agriculture and agricultural products. The current objective of the company is to establish sustainable farms in West Africa and Africa as a whole.

Normet Oy

Normet is a finnish company established in the year 1999 in Iisalmi, Pohjois-Savo. Normet manufactures construction machinery, chemicals, rock reinforcement products and service for tunnelling and underground mining. The company improves underground mining and tunnelling processes by using modern knowledge and technology. Besides, the company had supplied over 13,000 built-for-purpose underground machines to its customers around the globe and employs over 1400 business professionals globally in over 50 locations in 28 countries.

Habitat

Is a company that builds, manages and develops different kinds of buildings and communities for sale and for rent. The company is located in Chicago, and it is part of the real estate industry in the United States and the globe. There are 31 companies in Habitat, and the company employs in total 1200 workers in all its locations.

Again, within each company case, there was one participant—i.e., the focal person of the study. One business executive from these companies was interviewed. The sampling plan of the study sought to choose specific Finnish companies for data collection. The researcher engaged in the purposive sampling of participants to carefully choose data that fit the limits of the study's research questions, goals, and purposes. Criteria for selecting a study participant were. (a) The participants have been part of the internationalization process of the company. (b) The participant should have been working in Finland or West Africa within the past 2 years.

Data Collection Procedure

The study collected data from both primary and secondary sources. Primary data collection was mainly undertaken among selected business executives of the companies used. A semi-structured interview guide (See Appendix 1 for details) was developed for in-depth interview sessions with all study participants. A combination of approaches was employed in conducting the interviews after formal consent had been sought from participants and appointments had been made.

The study participants were busy people, so after the initial personal contacts, most of the meetings for interview were made through emails. The researcher took the opportunity of the initial personal contact with all participants in the study to inform them about the research properly.

Most of the interview sessions were conducted through the video conferencing application Zoom, with one done through email. The interview questions were sent to the participant for him to answer and returned it. The interview sessions were recorded and later transcribed.

Secondary sources of data in the form of company records and archival documents on the subject matter were used in this study.

Next was the design of the interview guide for the study. The researcher was interested in providing study participants with a list of themes to explore during the interviews. After some careful deliberation and reading of the academic literature, the researcher came up with an interview guide. (Appendix 1)

Data Analysis Procedure

The data analysis of qualitative research is iterative. Creswell and Poth (2017) explain that data can be processed at each stage of the research process to gain further insight into the study. Flick (2014) on the other hand, suggests that the interview transcripts and reading of field reports are the first steps in qualitative data analysis. Data analysis for the study was done at two levels. The first is the analysis of the primary data, i.e., data from the interviews.

After the transcription of all interviews, the qualitative analysis of this study began by systematically organizing and preparing all the data (interview transcripts and reflecting notes). Next was the stage of coding and recoding of all text into manageable themes for analysis. This process was manually done many times, noting down the key points and identifying the themes from the participants' response on the issues of the internationalization processes of these companies. The themes were then grouped into more manageable groups of sub-themes. The second level of analysis was a content analysis of secondary data obtained.

The etic approach to reasoning employed in this study explains that to generate knowledge and understanding, a researcher must describe the behaviour of business actors in terms of external criteria that are already derived.

3.3 Ethical considerations

Respondents are often apprehensive about giving out information, especially in business situations like internationalization. Therefore, an imperative consideration in academic research is the issue of ethics. The researcher, by this, took steps to make sure that no respondent or any participant in this research was offended in any way. The researcher made sure that permission was sought with introductory letters from the Finnish business council. The respondents were also assured that the study is only for academic purposes and not for any other purpose that will undermine their interest. Information was reported in a way that did not disclose their identity —thus, confidentiality was ensured. And data was stored safely and destroyed immediately after the study.

4 FINDINGS

4.1 **Type of Firms and activities in West Africa**.

Table 4.1 Type of Firm and Activities in West Africa (Field data, 2021)

Interviewees	Type of Firm	Firm Activity in West African Market	Number of Employees	West Africa countries that firm operates.
Interviewee 1 Owner	Trading machines like agricultural machines (Franchising) (wholly own) 5 years in operation	In Ghana, we have established another company that is taking care of the operations. So, our Finland company AtBo invest is arranging for financing, dealing with investors, and getting them to invest in our projects in West Africa. And we are into agriculture. So, we are operating and running our cocoa farm and cashew nut farm.	10 employees	Ghana, Benin and Burkina Faso
Interviewee 2 Senior Vice President	Mining 55 years in operation	So, in West Africa, yes, we are selling equipment, we have several mines. And then some contractors are working in those mines. They are also our customers. So, they either mine themselves or contractors.	1	Ghana, Sierra leone, Burkina Faso, and Mali
Interviewee 3 Manager	Service Firm 3 years in Africa and34 years in operation	Franchise business in real estate broker business	Between 1-20 employees	Gambia, Ghana, Senegal, Sierra Leone

Table 4.1 provides information on the type of firm and activities of these firms within West Africa. Interviewee 1 and Interviewee 3 engage in franchising business within West Africa whilst Interviewee 2 has a sales representative office approach to enter the market. This affirms the use of Franchising for service and trading types of business within international trade. All the firms considered for this study are operational in West Africa. Notably, the firms have a presence in at least one West African country.

4.2 Entry Modes and Economic Developments in Africa

This study found that some firms that enter West African market for trade and economic engagement do so using Franchising, subsidiary, exporting, joint venture and sales representative approaches. The firms often rely on goodwill and trust to consolidate their entry mode. Companies trying to enter foreign markets.

"*Need to find a local partner, they can trust 100%. And they need to be flexible. They need to adapt their business model. They cannot work the same way in Finland as in West Africa" (I*nterviewee 2)*.*

Again, the study affirmed exporting as an entry mode adopted by firms from Finland to West Africa and Ghana in particular.

"So, *in West Africa, we are selling equipment, we have several mines, that are our customers. And then there are contractors who are working in those mine*". *(I*nterviewee 2)

Thus, there is the affirmation that exporting is one of the popular ways to entering a foreign market, as affirmed by the Finnish Customs (2020) data on trade.

Another market entry strategy identified in the study is the use of wholly owned subsidiary. In the statement by Interviewee 1, "…*And we are into agriculture. So, we are operating and running our cocoa farm and cashew nut farm*" it was clear that this company, aside from using Franchising, the firm also uses wholly owned subsidiary as a market entry mode.

4.3 Challenges/barriers that Finnish companies encounter entering the West African market

Operating within developing economies comes with its challenges. The free market entry with very little to no strict market entry regulations provides an opportunity for a competitive environment. But this notwithstanding, firms coming from foreign jurisdictions would have to deal with other imported competitors. For example, the presence of Chinese companies with comparative advantage within the African market put a lot of pressure on Finnish companies in terms of pricing.

"*And selling machines or products, it's difficult to have a competitive price, since they are competing with, for example, Chinese companies sell much cheaper". (*Interviewee 1)

From the preceding statement by Interviewee 1, there is the challenge of competitive pricing. Chinese firms with greater economic power are beating Finnish companies to the competition within West Africa.

Another challenge has to do with the ability of customers within the developing economies to buy goods and service from Finnish Companies.

> *"Yeah, that's, of course, a big, big challenge. And then another thing is the financing because there are many like 1000s and 1000s of companies in Ghana, there are so many, yeah, that could potentially buy products from Finland, but then they lack the financing. Yes. So that is also a challenge when it comes to the financing" (Interviewee 1*).

The profitability level of the local market is also another challenge, as asserted by Interviewee 1 in the above statement. Committing many resources to produce goods and services should be rewarded by the rate of return on investment. But, since customers have many local and international companies, they may act rationally and buy from those at lower prices.

The study also identified that poor infrastructure within West Africa inhibits efforts by Finnish companies to enter the market. In a statement by Interviewee 3, *"Poor level of education, poor internet bands, short-sightedness, and trust of the concept",* it was clear that infrastructure is a significant component to trade facilitation. The absence and lack of infrastructure within the West African sub-region pose a serious challenge to companies.

The transaction cost within foreign trade was identified as another challenge to operating business within West Africa. In the following statements, the interviewees affirmed the challenge of financial cost of transaction as a major challenge:

> *Yes. When it comes to talking about the Finnish company, like investment companies, bank transactions have been challenging. It is very expensive. The bank charges are between 10 to 15% (Interviewee 1)*

Logistics is a huge challenge facing firms that are involved in internationalization/foreign trade. This study was also able to affirm that lack of logistics within developing economies in West Africa poses severe challenges to firms as they trade and internationalize with countries in ECOWAS. The statement by Interviewee 2 confirms the challenge of logistics:

> *I think the most significant challenges have been logistical challenges, So, typically our customers are in some good remote locations. How to get people to reach you, customers, running, running the set of trucks with security cards, from the CDs to the mines. You need to coordinate with a customer when to get your people in your service guys to get them their logistics, you know, during the heavy rains the roads are flooded. And so, I believe that logistics are probably the biggest challenge.*

However, interviewee 2 added that the firms can manage those logistical challenges and that they can understand the challenges and design solutions for them with time.

> *"With time, somehow, we can manage. So, if a machine has been sold, it has been delivered to the customer site. And a piece of the spare part has been delivered; it might take a little bit more time, but still".*

4.4 The opportunities/enablers that Finnish companies face entering the West African market.

This section of the study provided information on the various opportunities that Finnish businesses stand to gain as they internationalize within West Africa.

Table 4.4 Opportunities for Finnish Companies in entering ECOWAS market.

Interviewee	Opportunities identified	Supporting statement/Quotation
Interviewee 1	Agribusiness Food production	When it comes to agriculture, so in Finland, we have winter, like, half a year. And it is not growing anything huge during the winter. So, the climate for agriculture is so perfect here in West Africa. And, for example, 70% of the world's cocoa are coming just from Ghana, the climate is good for agriculture. And so, it is excellent, suitable for agriculture. And, when thinking about food production, that is important. There will be more people in the world, all the time, this, more food is needed. So that is like the potential, so my advice could be, for example, finding the right people to do the job. So that you can trust that if you tell them that they should do this, they will do exactly that. Yes. So then also you want to trust that they are taking care of the work task because they are not just telling that.
Interviewee 2	Mining opportunities	First, most of the space exploration money spent in Africa is now spent in West Africa. It has rather highly unexplored. And extremely, very rich deposits have been found, and the mining industry in West Africa is blooming.
Interviewee 3	Real estate opportunities (housing)	Growing need for houses. International interest to find new investment opportunities.

Source: Field Data, 2021

From Table 4.4 above, it is obvious that the agriculture sector and or industry in Africa offer massive potential for Finnish companies. This is supported by data from the Finnish Customs (2020), as a considerable proportion of exports fall under the agriculture sector. Interviewee 1 mentioned that:

"So, the climate for agriculture is so perfect here in West Africa. And, for example, 70% of the world's cocoa are coming just from Ghana, the climate is good for agriculture. And so, it is excellent, suitable for agriculture. And, when thinking about food production, that is important".

With global and African population bound to increase, the need for housing will also increase. Thus, interviewee 3 asserted that:

"Growing need for houses. International interest to find new investment opportunities".

There is a massive opportunity in the real estate industry in Africa. Finnish companies can therefore take advantage to provide housing that is relatively cheaper for individuals and office spaces. Again, Africa has a vast base of natural resources. Mineral resources serve as an opportunity for various foreign and local businesses. In the view of Interviewee 2, there is huge exploration space within West Africa. He asserted that:

"*First of all, most of the exploration space money spent in Africa is now spent in West Africa. It is rather highly unexplored. And extremely, very rich deposits have been found and the mining industry in west Africa is blooming*".

4.5 Limitations to the study

The availability of business executives was a significant challenge during data collection. Key informants were challenging to track even when they have been contacted and appointments made. Besides, the number of informants were quite small, and to some extent use similar market entry mode, making it an impossibility to generalize the findings of the study. This challenge does not take anything away from the findings of this study.

All accounts narrated as part of the data collection process have been checked through documentary sources, the Finnish business council, and therefore valid.

5 SUMMARY, CONCLUSION, AND RECOMMENDATION

5.1 Summary of Findings

The study, through extant literature, identified numerous market entry modes to foreign markets. Notably, market entry modes such as exporting, joint venture, franchising, licensing, subsidiaries, sales representative office, strategic alliances, and direct investment. The study found that Finnish companies operational in West Africa resorted to exporting, franchising, wholly owned subsidiaries and sales representative office as a market entry mode. These companies operate in some West African countries that include Ghana, Burkina Faso, Sierra Leone, and Mali.

Based on these case companies, the study revealed that sectors such as agriculture, minerals, and services are among the several sectors that Finnish companies can venture. There are opportunities for agribusiness, real estate (especially housing), and exploration. Some of the study participants believed that firms must endeavour to build goodwill and trust to become successful in their respective industries.

Firms that venture into various sectors within ECOWAS must be aware of the myriad of challenges and problems within the local economies. Issues with infrastructure within the local economy become a challenge to progress. Again, inadequate logistics within the local economies and or countries within ECOWAS is still a hindrance.

The study identified that Finnish companies face enormous operational challenges from Chinese companies within ECOWAS. These Chinese firms can leverage on competitive advantage to beat the Finnish companies in terms of competitive pricing. Notwithstanding the numerous difficulties identified in this study, there are some areas that Finnish firms can focus on gaining as they venture into the ECOWAS region.

With the inroad made by Finnish firms into the West African countries, there has been a considerable increase in export to West Africa from 2014 through to 2020, as indicated by data from Finnish Custom (2020). Again, there is evidence of direct job creation as Finnish companies venture into ECOWAS. There is an influx of professionals and experts in varying fields and sectors as Finnish companies enter the West Africa region.

5.2 Conclusion

International trade continues to serve as an anchor for sustainable growth. Developed economies stand to gain as well as developing economies. Firms within Finland are making strides into foreign markets, and countries in ECOWAS have had their fair share of Finnish Trade. Exports to ECOWAS are more significant than imports from the same region.

Thus, the Finnish government has since 2014 recorded a favourable balance of trade with the ECOWAS. Therefore, there are tremendous efforts at development between Finland and those countries within ECOWAS. This inroad to foreign trade contributes to human capital development, trade-in various commodities such as foods, chemicals and related products, beverages and tobacco, Crude materials, inedible, except fuels, mineral fuels, basic manufactures, machinery, transport equipment, among others.

This study has demonstrated the instance of internationalization of Finnish companies. For example, the selected Finnish companies have their subsidiaries operating within the West African countries. Again, there are Franchising instances in both the service industry and goods industries within West African region.

Venturing a West African market has come with a myriad of challenges that Finnish companies must face. Some of the challenges include lack of infrastructure, logistical hindrances, unnecessary competition from other developed countries operating within ECOWAS market. Thus, Finnish companies must establish high cooperations and trust with domestic firms and partners for success. The need to examine the risk levels of entry is essential and rightly identified in this study.

Apart from the challenges identified in this study, some opportunities abound in West Africa that Finnish companies can take advantage of. The areas of agriculture, real estate and exploration, are examples for Finnish firms that are willing to venture into the West African market.

5.3 Recommendations based on this study

The study made efforts to understand foreign trade, internationalization, and market entry mode of Finnish companies in West Africa, the challenges/opportunities derived from such market entry. The following are recommendations that have been postulated for the attention of Finnish companies, and those in academia.

The first step to establishing sustainable Finnish companies within West Africa is for the Finnish companies to conduct market research. Considering the risk nature of the African market and the myriad of challenges, it is only prudent for Finnish businesses to conduct quality market research before going into internationalization.

Finnish companies must engage local partners if they seek to join and form their own subsidiary companies within West Africa. These local partners would help to provide local content and industry knowledge that Finnish companies may lack. Again, the association and coming together of these local partners will boost local involvement and enable local governments to trust the operations of the Finnish companies.

Choosing a politically safe and stable country to venture into is key to Finnish businesses' success within West Africa. Comparatively, the ECOWAS (Economic Community of West African States) area has a stable political climate and sound economic environment for business within Sub-Saharan Africa (SSA). Thus, Finnish businesses must focus on areas and or countries that provide a sane political climate and conducive business environment to guarantee a sustainable return on investment.

Finnish businesses must understand that it is expensive to operate within West Africa due to the infrastructural challenges. Teaching the workforce to work in line with the norms of a Finnish company, is essential to attain some degree of cost savings in operations.

There is a need for Finnish companies to continually educate and train their staff (both local and foreign) on the job and through other appropriate means. Finnish companies in teaching staff should not intend to change the whole of Africa totally, but rather should concentrate their effort and resources on their staff. Simply, the Finnish companies should focus on their business.

The business culture of the African must be taken into consideration by Finnish companies. This forms the basis of work ethics and levels of efficiency within the region. Failure to understand the culture of the people will defeat the attainment of set business objectives. Simply, learn to understand the people, especially the African people, before entering the market.

In the areas of export trade, the Finnish companies must test the market. The process should be gradual to understand the market dynamism of the people and the country. Incremental test marketing will help the Finnish business identify and connect to appropriate dealers and distributors, especially when entering via the exporting mechanism.

The theoretical foundation of internationalization seems to be skewed towards Porter's National Competitive Advantage theory. Finnish trade is leveraging technology as a competitive advantage within the market. But it was also identified that the engagement in foreign trade by the Finnish companies stems from the presence of natural resource endowment by West African countries.

Thus, in teaching internationalization, lecturers must emphasize the role of factor endowment and the combination of technical expertise and technology.

Emphasis on international trade/ internationalization research on market entry modes, is crucial and must be done continually to understand the changing dynamics, especially within Africa. Using data to determine the level of adoption of the various market entry modes will be beneficial to understand what industry can do better

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APPENDIX 1

Study instrument/questionnaire

Interview guide

Consent statement

This is a master's thesis which is being done by James Akosah, a student at the Turku University of Applied Sciences. This study is meant to capture the views of all relevant stakeholders from Finnish private sector actors, I assure you that any information you would provide to me will be held in absolute confidentiality. Your name and your company identity or any other information that could identify you would not be mentioned in any part of the report that will be generated. This interview would take about 30 minutes to complete. Thank you.

Section A: Firm Background & Respondent's Information

1. This firm is mainly a… ☐ Manufacturing firm ☐ Service firm ☐ Others, please specify…….

2. Describe your firm's activities in the West African markets

3. Are you offering all your products/services/solutions in the West African market? Why?

4. How long has this firm existed/operated? Years

5. How long has your firm operated in the West African market?

6. Number of employees working in this market (West Africa) ☐ 1 – 20 ☐ 20 – 50 ☐ 50 and above

7. Please indicate your current position in this firm

8. Please indicate the number of years that you have held your current position in this firm

Section B: General Questions (Market Entry Modes and Economic Developments in

Africa)

1. Which countries in West Africa do you have business operations or units?

2. In general, how will you describe the business environment in West Africa? Probe along with economy (taxes and tariffs), regulations, employee relations

3. With your experience in West Africa, what are the opportunities and threats in the industry you work?

4. Why did your firm decide to enter the West African Market?

5. In your experience, how was the process of entering the market?

6. What was the entry strategy, and why did the firm opt for that strategy?

7. What were the factors that derived the processes of entry? Which aspect worked well and why? Which did not work well and why?

8. What were the inhibiting factors to your entry? How did you overcome these factors?

9. What role did the local government play in your entry strategy? What was the experience in dealing with the government?

10. What role did the Finnish government play in your entry into West Africa?

11. Overall, what advice will you give to other Finnish companies who want to come to west Africa?

Section C: Overview of Finnish Case companies and Operations

1. Using your Industry/Services/Product, are Finnish services, products, or technologies in demand in west Africa in the past 1-5 years?

2. How do you see the future of your business in terms of demand and supply of your products/services/solutions in West Africa?

3. What have been some of the Challenges? How have you overcome these challenges?

4. What advice will you give to other Finnish firms like yours if they want to operate in Africa?

5. What recommendations can you make to empower further the Finnish businesses operating in Africa.

6. What other comments do you want to share from your firm’s experience on entering the West African market considering diverse cultural and contextual dynamics?