INTERNATIONALISATION OF OPERATIONS BY MEDICEL KENYA LIMITED

BY

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DECLARATION

This research is my original work and has not been presented for examination to any other university.

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D61/77567/2015

This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I dedicate this project to my spouse Simon Wangai Mbugua, my parents Josephine and Shadrack Thuku and to all my siblings in recognition of the support and motivation they have given me.

ABSTRACT

Internationalisation is the process of engaging in trade and business activities which cross national frontiers. The objective of the study was to analyse the internationalisation of operations by Medicel Kenya Ltd. This included the analysis of the involvement and commitment of the firm to international business activities. The commitment of firms to international business, takes the form of either fast based or slow gradual approaches, based on the firm's objectives, resources and market characteristics. The incremental approach is frequently used as an expansion market entry strategy by firms. Commitment arises from careful consideration of set up costs and maintenance costs. The research was qualitative in nature. The study chose to analyse data using content analysis, in order to bring out key themes of the study, as well as make inferences from the study .The data collection was through interviews with the decision makers and implementers of international operations concerns in the firm. The study reviewed available literature, to provide insight into international business operations and processes. The study selected internationalisation theories based on their practicality and relevance to the international business field. The chosen theories and models analysed were, the Uppsala model, which explains the incremental approach which firms adopt in order to increase their involvement in foreign markets .The location specific theory in the study related the location advantages that firms enjoy and which influence their choice of an international market. The study sought to find a suitable model for the company. The findings were derived from interpretation of collected data, to provide an insight on how the firm had achieved internationalisation, as well as other firm and environmental factors that influenced internationalisation by the firm. The findings assisted in investigating the effectiveness of the theories applied to the study. From the results it was concluded that the behavioural approach and the locational approach have their strengths in explaining the internationalisation of the firm understudy. Exportation was found to be the major entry mode selected by the firm understudy .The study identified that the internationalisation had been an incremental process, influenced by factors which were considered as favourable for the pursuit of international business by the firm. Various recommendations to regional policy makers were indicated in the study. Policy makers were advised to facilitate and ease internationalisation efforts of SME's through various strategies that create an enabling environment for the firms such as reduction of complex and bureaucratic practices that hinder foreign market entry. Policy makers including governments were recognised in the study as necessary for the advancement of interregional business in the global arena. Acquisition of internal knowledge was recommended as a practice that would propel the firm's internationalisation efforts. The study recommended that the adoption of internal analysis mechanisms were necessary for matching the firm's capabilities to the external motivations for internationalisation. This would prevent the firm from engaging in foreign markets that would not result in profit maximization for the firm.

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LIST OF ABBREVIATIONS

COMESA	Common Market for East and Southern Africa
DRC	Democratic Republic of Congo
EAC	East Africa Community
MNC	Multi National Corporation
PHARMA	Pharmaceutical
SMEs	Small and Medium Sized Enterprises
UNIDO	United Nations Development Industrial Development
USFDA	United States Food and Drug Agency
WHO	World Health Organisation

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Internationalisation has several different meanings. First, it is described as the process of increasing involvement in international markets, this description is explained through modes of entry. The modes of entry include equity and non-equity modes such as exporting, importing, joint ventures, wholly owned subsidiaries, mergers and acquisitions (Odhiambo, 2012).

Secondly, internationalisation is considered as the sequential and incremental evolving of international business commitment and activities of the firm (Railnmaa, 2015).The study focused on the second description of internationalisation, other than the actual steps and processes of a particular mode of entry. According to Griffin & Pustay (2014) internationalisation is a dynamic process, where increase in involvement is as a result of learning. In the context of the study, operations referred to strategies, context of internationalisation, intensity, mode of entry, timing and leveraging of resources for internationalisation. (Barassa , 2009).

The sequential development of market activities and the internationalisation behaviour of firms are described through the Uppsala model. Under the model, market knowledge and market commitment are interdependent (Phillipe, 2016).The theory gave context to the study. The model explains the progression, expansion and acceleration of international business by firms' .The study sought to determine the theory's input in the consequent internationalisation decisions of the firm understudy. Since the model was initially based on findings of four large manufacturing firms in

Sweden, which is a developed country , questions arose on its applicability to small firms in less developed regions .Global dynamics and the global market environment changes, highlight a deficit in the models ability to describe internationalisation of modern firms.

Commitment arises from careful considerations of market conditions. In order to generate efficiencies and competitive advantage; firms tap on unique market features in foreign markets (Requejero, 2011). This view was supported by the second model of the study, which was the location specific advantages theory. The location specific features facilitate the firm to improve on its outcomes. This is achieved through considerations of alternative locations based on their weighted advantages. However, the challenge is in determining the suitability of the identified advantages of a market, to the firm's objectives. Comparison of home and host country factors against each other contributes to a firm's knowledge and affects market investment decisions (Meyer & Peng 2008).

Research showed that Kenyan pharmaceutical firms accounted for 50% of COMESA's region supply of pharmaceutical products. This had been influenced by certain drivers of international business, mentioned by Venkatras (2006) such as, the reduction of trade barriers, increased flow of information, advancement in technology, transport and communication. Local Kenyan pharmaceutical companies, ventured into international markets, through concepts and processes that are known(Muluvi et al. 2016).However, the internationalisation context of specific firms can only be determined through definition of the scope of internationalisation in those firms (Benet, 1999).

The internationalisation perspective of specific firms is determined through observation of their development process and progress levels, Wortzel and Wortzel (1997). The argument on a retrospective approach enabled better understanding of specific organisations internationalisation behaviour and influences. Previously, the contribution of local firms to international business, had been widely overlooked, due to the assumption that internationalisation was a privilege of multinational corporations and other large global firms.

While the incremental approach to a firm's involvement in foreign market is a common model, which explains the firm's gradual involvement and expansion into foreign markets, the experience may not be shared by firms, operating in similar environments; psychic distance is not a guarantee for success. This is attributed to the firm's features and market dimensions. The emphasis of the study was to determine whether the firm understudy had approached growth incrementally or abruptly. In the course of the study, the influences towards involvement and expansion in international markets by the firm were to be determined.

1.1.1 Concept of International Business

The merging of historically distinct and separate markets has been precipitated by the shift towards integrated and interdependent markets (Sullivan, 1991). Internationalisation is for purposes of sales expansion, resource acquisition, saturation of domestic markets, and discovery of lucrative opportunities in other countries, need to obtain materials, product or technologies, not available in home nation, risk minimization and diversification of revenues and activities (Benet 1999).

These activities are highly dependent on increased flow of information, about conditions in foreign states. The changing paradigm in internationalisation is that developing countries have become more important in the global markets dynamics. This is evidenced by the new MNC’s arising from developing countries (Creswell, 2009). However, small firms’ success in international business is influenced by the understanding that, engaging in international business is different from domestic markets, reason being that, foreign markets of operation might be different from home country markets of the firm. There exists complex challenges ,which the firm may not be previously accustomed to. It is for these reasons that knowledge acquisition of foreign markets necessitated.

1.1.2 International Business Operations

International business, involves various activities undertaken by entities in various parts of the world .Such operations are based in various countries and they typically can be described from equity and non- equity forms of operations (Enkateswaran, 2006) .They can also be described from a resource, structure and strategy perspective as is the context of this study. However, the mode of entry also serves as market strategy.

The options available for a firm’s foreign market entry are not entirely in the firm’s control. Therefore, the actions of the firm are dependent on pre-emptive observation of opportunities. The responses and actions of the firm require an analysis of the firm’s strengths and weaknesses in areas such as technology, productions, capital and marketing (Shenkar& Yadong 2008). The resource outlay of a firm is greatly influenced by the local responsiveness of the foreign market.

Firms have to select the most suitable mode of operation (Enkateswaran, 2006) .The mode of entry is influential to the firm’s sustainability and operations in the foreign market. The entry strategy applicability is weighted against the control that the firm has, over the mode, the risk involved, its cost, objectives of the firm, intended target market and on the firms marketing plan (Rugman & Collision 2009).

1.1.3 Pharmaceutical Industry in Kenya

Kenya has played a great role in strengthening the local and regional production and availability of essential generic high quality drugs (Kenya Pharmaceutical & Healthcare report, 2017).The pharmaceutical industry in Kenya, is composed of the manufacturers’ of pharmaceutical products, national regulators, government ministries, wholesalers and retailers of the products (UNIDO, 2010). There are over 30 registered pharmaceutical companies in Kenya .The larger market share is held by Beta healthcare, Bayer East Africa Ltd, Aventis Pasteur, Cosmos Limited and Dawa Limited (Export Processing Authority, 2016).

In terms of growth and potential, Kenya’s pharmaceutical exports had grown by 9.6% by 2014 (New market research report, 2015). Kenya’s Pharmaceutical regional markets are estimated at 432.2 million and are set to increase at a compound growth rate of 11.8 % by 2019 (Taylor , 2013).About half of Kenya’s exports of pharmaceutical products are destined for Tanzania, Uganda and other surrounding countries. The demand has been pushed by the general growth in demand in the regional pharmaceutical markets. In these neighboring countries, there are advantages enjoyed by Kenyan exports, relative to overseas suppliers.

By 2008, the Pharma sector had contributed about 2% of manufacturing value added into the Kenyan economy, or 0.2% Gross Domestic Product (UNIDO, 2010).The competitive environment is on two fronts; the organisations compete with each other and also against imports from other global manufacturing firms. The trend in international pharma markets is on the setting up of regional sales subsidiaries by global firms. The purpose of such sales subsidiaries is to export or distribute products to regional markets. Such activity pose as severe competition and cuts into the market share of local pharmaceutical markets in the region.

The regulatory environment in the pharmaceutical industry in Kenya is that, firms have to adhere to local regulatory and authority bodies, such as the Pharmacy and Poisons Board, World Health Organisation and the National Quality Control Laboratory (Medicel Company Profile, 2016).These bodies ensure adherence to practices, quality standards, registration of outlets and storage requirements.

1.1.4 Medicel Kenya Ltd

The company's aim is to cater for the high levels of inefficiencies in the medicine supply chain, within low income countries in Kenya and Africa. Medicel Kenya Limited specialises in the importation of global pharmaceutical products, for resale and further production, as well as exportation and distribution of pharmaceutical and surgical products, to countries in East and Central Africa. (Medicel Kenya Ltd, quality manual ISO 9001:2008).Formed in 1994, the company's core products include surgical and pharmaceutical products.

The registered growth rate was 59% in its last financial year. The firm registered an after tax profit of Ksh 242,171,879 in 2016 and 144,689,653 in 2015. The company has 160 registered products and 97 more submitted for registration (Medicel Company profile, 2016). The company serves as a regional representative for multinational pharmaceuticals companies in India, China and other, European countries. The products are exported to Uganda, Tanzania, Rwanda, Burundi, Malawi, Zambia and Angola. In these countries the clients include; Pharmacies, clinics, private hospitals, medical personnel, governments, referral hospitals, Non-Governmental organisations, private companies and government procuring agencies.

1.2 Research Problem

Internationalisation covers entities which are both large and small in nature. In the Kenyan regulatory framework, medium entities include those that have an investment of not more than Ksh 30million and with an annual turnover of over Ksh 5Million. Firms are considered small, if their annual turnover is between Ksh500, 000 to 5million (Ongolo &Owino 2013).Phillipe (2016) determined that threats and opportunities from globalisation, were not only relevant to well established firms but also to SME's.

Barrasa (2013) determined that, the predominant assumption on small and medium firms' international business behaviour, was that, these firms were rather reactive in pursuing international business and that such firms only responded to orders to supply. The assumption further assumed that, such firms were dependent on chance.

They were considered lacking in structure, strategy and plans in regard to internationalisation, neither are they considered to actively source for international markets. The internationalisation development perspectives have been mostly presented from the perspective of established companies which misrepresent the understanding and aspirations of SME’s in regard to internationalisation.

However the assumptions determined by Barrasa (2013) on the internationalisation behaviour of SME’s, failed to take into account that structured and planned internationalisation was not a privilege of multinationals and large firms (Korir, 2009). Specific features of local firms contributed, to their capability to compete in foreign markets and in their ability to aggressively pursue regional expansion.

The applicability of the Uppsala model to SME’s has been severally questioned Toulova, Tuzova, and Straka & Kubikorva (2015) .The model explains that firms gradually increase their involvement in international markets, based on their experiences and learning process in other markets. It was the aim of the study to find if the held assumptions of the model, explained expansion and internationalisation at institutional level.

Locational specific advantages, are natural or created advantages available only primarily in a particular location (Cite, 2012).However, despite the ability of the locational specific advantages to influence the determination of internationalisation decisions and activity in a location, there was need to investigate how the combinations of this advantages determined the behaviour of firms, and if this advantages were contrasted or integrated into a firms prediction or operations in international markets.

Given the involvement of small and medium enterprises in the internationalisation of operations, there have been a number of previous studies, related to such entities. Such studies include those of Korir (2009), Otieno (2012), another by Export Processing Zone Authority (2016) and also Barrasa (2013).

Despite focus and analysis of previous research on internationalisation of firms and industries, the studies did not narrow down on the firm understudy. Therefore, the study aimed at bridging the apparent gap, using specific and focused approach, on the firm under study, in regard to the internationalisation of its operations. The existing studies did not relate to Medicel Kenya Ltd. This aspect contributed to the decision to premise the study on Medicel Kenya Ltd .The study's purpose was to determine the influence of market knowledge on involvement and choice of market entry by the firm. The other concern was on the mode of entry into foreign markets. It was on this basis that the study addressed the question; what are the internationalisation operations by Medicel Kenya Ltd?

1.3 Research Objective

The objective of the study was to determine internationalisation of operations by Medicel Kenya Limited.

1.4 Value of the Study

Government and policy makers in need of a comprehensive understanding of firm's internationalisation aspects and firm dynamics will benefit from the insight of this study, due to the study's analysis of internationalisation from a firm level perspective.

The study provided valuable insight on the role of the home and host government in facilitation of internationalisation.

The study will assist managers of other firms seeking to internationalise, to understand the context of internationalisation and how to sustain the internationalisation of operations in foreign markets. The study will contribute to the pharmaceutical industry, by providing insight on how internationalisation can be achieved; understanding of determining factors in internationalisation and the effect that internationalisation has on a company. This will influence and enhance decisions concerning internationalisation.

The study will benefit scholars, by providing information and insight in the field of internationalisation especially in regard to local companies. It will provide literature and reference to the scholar's .The study opens up opportunities for scholars to do further research into the field of international business.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter reviewed relevant literature in the field of internationalisation and presented available information on the research topic. Secondly, this chapter presented a theoretical review of theories and models relevant to the study.

2.2 Theoretical Foundations

Internationalisation theories have two related premises. The first of such premises is the coordination of interdependent economic activities. The second premise is on the characteristics of firm specific attributes, which influence the pursuit of internationalisation (Elgar, 2008). The study was based on present internationalisation theories which included the uppsala internationalisation model and location specific advantages theory.

2.2.1 Uppsala Model of Internationalisation

Johansonn and Valhne (1977) developed the Uppsala model, as a stage based approach, to explain the gradualist approach of internationalisation (Kunday & Senguler, 2015). Under the model, firms increase their foreign market activity and commitment, based on knowledge gained from operating in other foreign markets (Benet, 2006). Subsequent increase in activity and resource allocation is based on their operation and learning experience and market knowledge prior to involvement in foreign markets.

With the increment of operations, modes of entry change, capital outlays become more intensive, and so does the control and establishment of procedures in the foreign market (Jarvis, 2003). The entry into foreign markets is driven by activities stemming from the markets to the firm Forrgesen (2008). Holsen (2007) established that according to this model, firms usually start their involvement in foreign business, through entry into surrounding or close markets. In such markets, the firms have good knowledge of the market. In addition, the firms are capable of achieving a certain degree of control. Ultimately, the firms using the experience and knowledge acquired, in the markets of involvement, expand to further away markets.

The Uppsala model explains that companies are likely to achieve success, based on their business activities in international markets, which are geographically familiar or nearby. Under the model, exporting is the main mode of internationalisation used by such firms (Forsgen, 2008**)**.(Zohari,2012) determined that, the relationship between market knowledge and commitment decisions was that the two advance into subsequent development and increased market activity in foreign markets, further reinforcing market commitment. Prolonging the life cycle of such firms in the global markets is dependent on their learning experiences and avoidance of uncertainty.

The model has various shortcomings. For example, the theory’s development is greatly affected by recent changes in global environments .In the new globalisation era, the process of internationalisation has greatly changed.(Kunday & Senguler 2012).Mitchell, Shaver and Yeung (1993) determined that, the experience of firms, was not dependent on the success of similar firms or multinationals in their area of operation.

There exist firms which have gone on to operate where well established and successful foreign firms may have failed. This is because the first entrants will have learned from the market, and strengthened their abilities in the market. However new entrants have to learn and pay the price of knowledge acquisition. For this reason, the experience contributes to net advantages, which play a strong role in contributing towards further expansion (Rugmann, 2012).

2.2.2 Location Specific Advantages Theory

The location specific advantages refer to created or natural advantages, specific to a particular place (Butler, 2001). The theory is the second element of the eclectic paradigm and provides a perspective on why firms select certain locations. The theory further explains the determination of the level of intensity in foreign markets of operation by a firm and the patterns that domestic firms adopt in internationalisation (Daniels, Sullivan & Radebaugh , 2013). The firm derives these advantages from its market of operation therefore, firms ought to be more sophisticated in their geographical selection, in order to maximize on the firms activities and operations in a foreign markets (Rugmann & Collison 2009).

The factors to consider from a location include, measure of barriers to trade, extent of business services, the presence of natural resources, proximity to end use and markets, knowledge spill over, workforce costs, infrastructure development, levels of government control, transportation (Jarvis, 2012). The main challenge in regard to locational specific advantages is in the identification of locational characteristics, which suit the firm's internationalisation objectives.

In addition, since the advantages are shared, firms, individuals and companies are capable of exploiting such advantages. It is the duty of the firm to conduct its business activities better than the other players (Campbell, 2012). Chakravarty, Ghosh & Kuo (2015) established that, identification of existence of such advantages and the choice of allocation of resources, stands as a major concern , especially for firms in developing countries. Location specific advantages are found in different ratios, the theory does not provide for a systematic or scientific approach on how such ratios can be arrived at for analysis by the firm.

2.3 Dimensions of Internationalisation

Numella (2015) established that, the dimensions of internationalisation were composed of the operation mode, the market, capacity and product. Characteristics of international operations in small and medium sized firms are that, they are more involved in exporting, franchising, and in those modes of entry that do not involve huge capital outlays, nor require much involvement or control (Benet, 1999). Other modes of operation include, importing, licensing, joint ventures, mergers, acquisition and wholly owned subsidiaries .Kunday and Senguler (2015) determined that there existed a relationship between the mode of entry, innovation, acquisition of business skills and motive .The success of the mode of entry selected serves as a performance indicator and so are the number of foreign countries, in which a firm successfully does business.

Internationalisation and international marketing mix strategies are interrelated (Elgar, 2008). In order for firms to achieve favourable financial outcomes in foreign markets, the firms are expected to develop product, price, distribution and promotion strategies

(Baac & Harris, 2012).The selection of the right product lines and product mix for a particular foreign market influences the performance of the firms in those markets. Pharmaceutical companies, execute product strategy, manage and select risk and improve on product decisions, such as right product mix and product lines, using product knowledge. Such efforts are geared towards the determination of processes and activities which ensure sustainability of the firm (Bianes, 2010).

According to Mitchell, Shaver & Yeung (1993) business survival is highly considered as a measure of performance. The survival of a business is dependent on the continuity of its operations. Through correct product offering, profit maximization and longevity is achieved. Business survival and profitability complement each other. One of the main reasons for a firm's existence is for the maximization of profits. The financial position of a firm is determined by its ability to recover investments through product sales (Kumar, 2000).

Capacity determination determines the level of increase in a firm's international business activity. Capacity refers to the firm's finances, personnel and organizational structure (Numella, 2015) .The process of determining a firms capacity and capabilities ought to be preceded by the analysis of various international business aspects and the operating environment (Halik , 2014). The measure of this should result in the careful balance between cost, benefits and market entry strategy(Charles,2009) .In addition, the determination of the firm's and its competitors market share, measures the effectiveness of the firm in the international markets. (Harris et .al 2012).

2.3.1 Internationalisation of Operations in the Pharmaceutical Sector

The pharmaceutical sector in Kenya comprises of both local and international pharmaceutical product manufacturers working independently or in partnership. The industry is characterised by local production, as well as substitution of unavailable pharmaceutical products, through importation from international and global pharmaceutical companies (Pack, 2017)

Kenya exports half of its pharmaceutical products to neighboring and regional countries (Taylor ,2013).Trade zones and regulations facilitate exporting .The proximity-concentration trade off explains that, firms ought to concentrate on local production, while serving the surrounding markets through exportation , where benefits of such trade off exists(Hassan and Wakhanga 2012) .Firms embark on exportation as an operation strategy, with the aim of keeping their investment at a minimum (Charles, 2009).Exporting potential, is realised, based on the firms realisation, that the market for goods and services exists(Eikelpash , et.al, 2017).The firms opportunities and resources, are influential in determining the foreign market entry mode to be selected.

Kenyan Pharmaceuticals with the capability to manufacture, import ingredients and raw materials for secondary production majorly from India (Barnes,2010).The end product results in proprietary ownership of brands, facilitated by registration under the marketing authorisation (Kenya pharmaceutical country profile, 2010).Firms that import material for production, include Laboratory and allied, Regal pharmaceuticals, Dawa Limited, Laboratory and Allied. Hassan & Wakhanga (2010) credit Kenyan Pharmaceutical firms with promoting trade in Kenya and its neighbouring countries, through the firms' activities of importing ready-made pharmaceuticals products for resale or repackaging for sale into the local and regional markets, production and manufacture of pharmaceutical products. (Holt, Lahrichi& Silva, 2015) determined that, importation served as partnership strategy between multinational pharmaceutical and domestic firms.

Licensing was identified as an increasing trend in the pharmaceutical industry, in Kenya(Export Processing Zone ,2016).Firms such as Glaxo Smithkline Ltd, a leading pharmaceutical company had licensed Cosmos Ltd, to produce generic version of its drugs(Pack ,2017).Licensing was common in industries where global dispersion of operation was unattainable (Requjero,2011).Due to projection in growth, and the position of Kenya in the wider East African region, international investors considered the Kenya pharmaceutical industry's as viable in investment opportunities .According to Pack (2017) licensing was especially prevalent in the manufacture and sale of generic drugs. These generics were cheaper in the local and regional markets. Licensor standards must however be met (Taylor, 2013).

In an effort to navigate foreign environments, and address internationalisation challenges, mergers and acquisition had been witnessed in the Kenyan pharmaceutical industry as witnessed by the surge in global pharmaceutical companies, collaborating with local firms. Out of the 29 mergers occurring in the region in 2016, 24 had been based in Kenya (Mwaniki, 2016). Shasun Ltd agreement to buy a 51% stake in Universal Corporations Ltd, a Kenyan pharmaceutical company for 1.4billion dollars, was amongst the major mergers occurring in the region.

Mergers were premised on the need to consolidate strengths and promote efficiency; capacity and capability (Bianes, 2010) .Firms no longer solely rely on internal growth, for progressive and future looking growth. Firms have to adopt survivalist tactics such as acquisition and mergers of smaller firms for value creation.

Franchising is a more long term mode of operation. This mode entails the use of the firm's brand name, adherence to the franchisors set conduct and conditions by the franchisee (Requejo, 2011). The franchisee pays for the right to sell and use the brand name. United Pharma Kenya Limited operations were in franchise distribution of generic, medical and laboratory devices with an expansion strategy for franchising outlet across the sub-Saharan region (United Pharma, 2016)

2. 4 Factors Influencing Internationalisation in the Medical Sector

The choice to internationalise ought to be based on objective criteria and legitimate business concerns (Baac & Harris, 2012).The motivation to internationalise is based on proactive and reactive stimuli.(Rainamma ,2015).The proactive stimuli are pull factors, that draw the firm towards internationalisation, while the reactive stimuli have a push effect on the firm .They serve as a mechanism for dealing with environmental pressures (Requejo ,2011).Rainamma (2015) determined proactive stimuli to be, profit advantage, economies of scale, unique products, technological advantages, economies of scale and exclusive information access.

While sourcing for new opportunities in emerging markets, growth opportunities become imperative (Dersky, 2008). Kenyan pharmaceutical exports have been growing at a rate of 96% for the last ten years and correspond to a compounded

growth rate of 18.3%. Hassan & Wanyanga (2010) established that 50% of the pharmaceutical products in Kenya were destined for regional markets .The increase in demand for pharmaceuticals, presents an opportunity for returns maximization.
A firm's competiveness is determined by the quality of its products (Requejo, 2011).The regulatory bodies, assisted the pharmaceutical industry in Kenya, to stand out in assurance of safety and quality of their products, setting measures and monitoring of standards.

Incentives within the region and COMESA such as tax and duty reductions, provided comparative advantage to pharmaceutical companies, and allowed for free movement of goods within the region .Under certain agreements, ease in access to regional markets was established, resulting in increased export of pharmaceutical products to Tanzania, Uganda Burundi Rwanda, Ethiopia, Malawi, DRC and Sudan(Kenya Pharmaceutical Industry, 2005).In addition Kenyan government programs, such as tax remission for exports, were pertinent in export production. The elimination of trade barriers, such as reduction of tariffs and taxes, manifested in the price and access to final or intermediate products (Francis & Dinwiddy , 1996).

Meyer & Peng (2008) established that, reactive stimuli determine actions in an industry. Competitive pressure arises from the saturation of the market, with counterfeit pharmaceutical products, as well as other industry player's products. Foreign representatives of have in the recent past established operations in the country. Pack (2016) indicated that, the decision for such MNC's to retail pharmaceutical product in Kenya, tops the local pharmaceuticals competition concerns, pushing local firms to source for international markets.

Firms such as Dr.Schumaker, a German pharmaceutical firm's, entry through joint venture with Pharmaken, pushed local pharmaceutical firms to source for markets outside of Kenya. The Strategic geographical location of Kenya, enabled Kenya to become a major player in the regional trade market. Surrounded by landlocked countries such as Burundi and Rwanda, Kenya became a regional economic, commercial and logistics hub (Doing business in Kenya, 2017). The proximity to the port, supported the exportation and importation of pharmaceutical products for distribution to African and regional countries'.

From the literature it was evident that some of the factors discussed above, influenced the internationalisation behaviour and subsequent business strategies of firms'. However Odhiambo (2012) established that, the perception that small firms only internationalise once they have established certain drivers and strong foreign market factors, hinders new market development, which small firms are advised to adopt as a business development strategy. Olfason (2009) said that there stands a lack of clear consensus on whether small firms ought to consider macro and micro stimuli factors, as superior influences to internationalisation or whether market experiences and learning are better influences to internationalisation success.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the selected research design and the methods that were used in the study. The chapter also outlined the instruments of data collection, adopted in the research, and described the analysis technics used to evaluate the data after collection.

3.2 Research Design

The study was premised on a case study and its objective was to determine the internationalisation of operations by Medicel Kenya Limited .The method was preferred, due to its applicability in studying a single entity. A case study is not a methodological choice but a choice of object to be studied (Ghauri, 2003). The case study approach was most relevant to the study, since it enabled learning and advancing of understanding on the subject in depth, while avoiding generalization. Creswell (2009) credits case studies with being specific towards exploring of a subject matter.

3.3 Data Collection

The main data collection techniques were the use of primary and secondary sources of data, which guided the study .Using an interview guide, primary data was collected from the respondents. The interview guide was created in order to guide the interview and to collect data on relevant topics of the study. In addition, this instrument was preferred due to its ability to allow for flexibility in data collection, resulting in detailed data collection, for purposes of analysing and consequently tabling of results. The respondents were required to provide in-depth information useful for the study.

Secondary data was derived from the available company documents, company website, financial reports, and company profile and manuals. The secondary data proved useful in confirming data given by respondents and in providing further insight to the study. The method allowed the researcher to save time, since this information was readily available.

Specific individuals targeted for the study included, The General Manager, Institutions Manager, Exports Manager, Imports Manager, Finance and Controller, General Manager Imports and Sales, NGO Sales Manager , Hospitals and Telesales Officer, Warehouse Officer and the Quality and Control Manager .This group of respondents, ensured that the data collected was credible, since they serve as key decision makers in the firm.

3.4 Data Analysis

The study systematically and objectively used content data analysis to conduct the qualitative study .The study relied on content data analysis. According to Ghauri, (2013) content analysis comprises searching and extracting underlying themes in data. Norman& Yvonna (2011) established that, content analysis should be a research tool, which when applied, determined the presence of certain concepts. Consequently, these concepts were quantified and analysed, to show relationships and inferences.

Shannon & Hsieh (2005) indicated that the three approaches to qualitative content analysis were summary, explication and structuring. All of the three approaches resulted in interpretation of meaning from the data and interpretation underlying contexts.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter analysed the findings of the study on the internationalisation of operations by Medicel Kenya Limited, together with the interpretation of the information collected. The study initially presented the findings on internationalisation of operations by Medicel Kenya Limited and lastly discussed the findings.

4.2 Response Rate

The study targeted ten of the top managers of Medicel Kenya Limited that is, The General Manager, Institutions Manager, Exports Manager, Imports Manager, Finance and Controller, General Manager Imports and Sales, NGO Sales Manager , Hospitals and Tele Sales Manager , Quality and Control Manager and the Warehouse Officer. Out of the ten managers seven provided a response for the study .The response rate was 70 % .Out of the seven managers interviewed , one had been with the firm for a period of two years , while the one with the longest period, had served the firm for 23 years.

4.3 Foreign Markets of Operations and Mode of Operations

Medicel Kenya Limited started exporting to Uganda and Tanzania in the late 1990’s.These countries were initially selected due to the need for pharmaceutical products in these countries. This was further facilitated by the ability of the firm to supply products, based on the close distance between the three countries.

The study had the objective of determining the extent of the internationalisation of operations by the firm in the subsequent years, through finding out the number of countries the firm currently operates in. From the findings it was determined that the firm had operations in regional and international markets, through importation and exportation practices. However the only mode of entry in all the firm's target markets was exportation. The study established that the firm exported and sold pharmaceutical products to Malawi, Rwanda, Congo, Uganda, Tanzania, Somalia, South Sudan, Zambia and Burundi.

The firm's sources of pharmaceutical products were identified as China, India, Pakistan, Belgium, Germany, Indonesia, Malaysia, USA and Greece. These products were imported from these countries for resale to the firm's regional markets.

4.3.1 The Firm's Specific Advantages

The core competencies and capabilities of the firm were determined by the respondents as the availability of capital , long term experience from operations in diverse markets, cost leadership through price, quality products through globally recognised suppliers , good relationships with suppliers and pharmaceutical manufacturers and the development of integrated business units to pursue domestic and international markets. The business units were divided into Telesales, Exports Divisions, Import Division, NGO Sales, Hospital Sales and Institutions. These business units were integrated in pursuit of opportunities and delivery of products in foreign markets.

4.3.2 Benefits and Limits of Current Mode of International Market Entry

The identified mode of market entry was exportation within the region of East and Central Africa. The benefits of the firm's current mode of market entry was justified by the respondents, due to the ease in rolling out into new markets, low maintenance cost , the modes effectiveness as it did not require setting up and the low labour intensiveness that the mode requires . The study revealed that this mode was supported by an ERP computer system, which allowed for ordering of supplies by the firm's clients. Through the system, the clients matched their orders and identified the status and progress of deliveries.

In addition, it was determined that exportation was preferred as a mode of operation and market entry, due to the characteristics of some of the country and market factors. These factors included political instability, poor infrastructure and virgin markets which required the firm to test operations and capability before full engagement. An example of markets fitting this description were given as South Sudan and Somalia.

The two stated countries that is South Sudan and Somalia, suffered from overall poor infrastructure, hindering the efficient supply and delivery of products. The firm also experienced various regulatory and compliance issues with this mode. The regulatory challenges stemmed from bureaucracies' in clearance procedures and lengthy paperwork, expectations to adhere to trade agreements and procedures. The firm's engagement in more than ten countries, each with specifications and requirements on entry of products into their borders, meant that Medicel Kenya Limited had to individually apply and comply to the laws and requirements of each different location ,in its operations , ultimately resulting in set up challenge's and inefficiencies in time and cost.

4.4 The Influence of Experience and Knowledge in Foreign Market Entry

Learning and knowledge influenced the involvement of the firm in its expansion efforts. According to the findings, market knowledge transfer played a key role in functions relating to internationalisation by the firm. Knowledge transfer to other markets determined the product strategy, market entry strategy and marketing decisions of the firm in those markets .The sources of knowledge were identified as internal and external knowledge. Internal knowledge was associated with the firms reliance on knowledge developed through in-house efforts, such as emphasise on market research, market development and internal training efforts. The internal knowledge was supplemented by external knowledge, which referred to knowledge acquired outside of the firm.

The firm had various local, national and international experiences. The experience of the firm in its international markets had a learning effect on the firm. It is through positive or negative experiences in the markets of the firms operation, that the firm determined the intensity of the firm's activities in existing or new markets .Through its involvement in these markets, knowledge acquisition had been achieved from all the markets of operations which were diverse. The study revealed that each market had its own characteristics, even though there were some regional characteristics that the markets of operation shared.

4.4.1 The Influence of Experience in the Markets of Operations

The internationalisation efforts of the firm were influenced by certain factors and dynamics of operations in target markets. From the study it was determined that the experience that the firm had gone through in some of the markets of operation, were integral in how the firm had proceeded onto other markets, as well as how it had adjusted and adapted its operations in those markets. It was determined that countries that had an experienced long trading culture, such as Uganda and Tanzania, had seen the potential clients of the firm understudy, start to import directly from Indian and Chinese markets consequently diminishing the sales of the firm in those markets.

Tanzania and the DRC had experienced an influx of pharmaceutical Asian traders, offering similar pharmaceutical products at prices that Medical Kenya Limited could not compete with. The study indicated that this new dynamics had influenced the firm to seek distributorship privileges in current and new markets of involvement, in order to beat competition and attract clients. The firm had actively pursued the brand manufacturers of Doloact, Dobesil , Mellalite , Exevate and Doloact MR ,to award the firm sole distributorship status within the East and Central Africa region. This was a competitive strategy that the firm had successfully applied to existing markets and which could be applied to future markets that proved challenging.

Between 2008 and 2012, the next market of entry for the firm was Somalia. In this market the firm had overlooked the influence of culture and religion towards firm's perception and buying practices, through the assumption that due to the similarity in distance and certain cultural aspects, the market would prove easy to penetrate. Shortly after entry, cultural dissimilarities had emerged. Such as conflict over gender issues arising from clients beliefs on transacting with female staff of the firm. Trust issues arose from missed deliveries; transaction costs mistakes and wrong deliveries.

The firm's pursuit of market expansion was based on some identified characteristics, trends and patterns of the regional market .Characteristics of the markets of the firms operations were identified in the study. They included the similarity of most of the regional countries which were recognised as growing economies. The study determined that some of the markets shared certain similar history. Burundi, Somalia, DRC, and South Sudan had undergone conflict and war and were still undergoing the effects of conflict economically and socially. The study determined that the pharmaceutical purchases in these countries were undertaken mostly by NGO bodies and governments of those countries, due to the lack of proper structures for facilitation and promotion of trade, low purchasing power of the citizens and inequalities in access to healthcare.

In Malawi the government heavily invested in purchasing of most pharmaceutical products, due to government policy and healthcare provision policies. This had seen Medicel Kenya Limited, embark on complex tendering procedures and involvement of negotiators and sales people, to negotiate with government health and procurements representatives, before a sale could be approved. This had however assisted the firm to learn the development of relationships with host governments, since trading with the rest of the foreign markets did not involve liaising with host governments for every purchase.

A common trend in the firms markets of operations, determined by the study, was that, buying was mostly done by bulk purchasers, who later resell to retailers and subsequently to the final and end user .Purchasing in credit for markets which have relatively stable economies and currencies compared to the rest such as Uganda and Tanzania, was allowed by the firm. The credit facilitation was based on relationships with buyers and their credit worthiness. Due to the volatility of the currencies of some of the market the firm traded with, it was necessary to trade in global currencies, such as the dollar, to protect the firm from currency fluctuations and shocks that may result in losses for the firm. Such markets were indicated as South Sudan, Congo and Somalia.

Price sensitivity was identified as a common characteristic of the regional markets and this was expressed as an important consideration while expanding. The adoption of E-commerce by the players in the foreign markets was gaining use in these markets. The firm had to comply and integrate itself to dealing with such firms, in order to meet requirements for transaction as well as facilitation of the same.

4.4.2 Further Internationalisation Plans of the Firm

All the respondents affirmed that they were planning to pursue new markets especially the West and South African markets such as Nigeria, Namibia, Benin and Ghana. The planned mode of entry indicated by the respondents was exportation. However, the firm placed consideration on other modes of entry such as licensing of firms in those countries to distribute on behalf of the firm understudy. The study revealed that the firm had little knowledge of the West African markets and hesitation to replicate the strategy adopted in the East and Central African markets was present.

4.5 Location Specific Advantages Influence on Internationalisation

The study had an objective of finding out the influence of location characteristics on the operations and involvement of the firm in those specific markets. These characteristics were either predetermined factors or preferences that the firm would consider suitable or unsuitable for their engagement in those markets. From the respondent's feedback, the research determined that there were some factors which influenced the firm's involvement in these markets. They were given as access to growing markets, the level of political stability, tax levels, access to growing government policies and their effect on the firm's internationalisation objectives. This locational and market features were weighted based on their ability to provide improved financial outcomes.

Further locational advantages identified from the study were the nearness of the selected markets to the firm. The firm was capable of providing pharmaceutical products in a timely manner. The nearness to the markets allowed the firm to learn and absorb market changes and occurrences in a timely way.

4.6 Measurement of the Impact of Internationalisation on the Company

The study determined the effect of internationalisation on the firm to be both positive and negative. It was determined that there had been both merits and demerits. The merits of internationalisation identified by the study were in the reinforced growth in terms of sales and market expansion. The increase in sales and the firms markets had resulted in increased profits. The firms had recorded a 59% increase in profits in its last financial year. The firm's after tax profits of the firm in 2015 were, Ksh144, 689,653 and 242,171,879 in 2016. Internationalisation had allowed the firm to undertake multiple opportunities available in the region allowing the firm to maximize on profits.. The firm was realising economies of scale through supply to both the domestics and international markets. Through internationalisation the firm had learned to improve on its market strategy.

4.7 Additional information from the Respondents Related to the Study

The researcher gave the respondents an opportunity to add any information that was relevant to the study. The respondents added that it was important to realise that internationalisation differed from country to country; every foreign market had its own laws and regulations as well as market conditions. The respondents also expressed that internationalisation was an engagement that required patience and well laid out strategy.

4.8 Discussions of the Findings

Earlier internationalisation by the firm was linked positively to the current inter-regional business activities of the firm. The study identified positive effects of prior international experience to the firm's current intensity of its exporting activities. The findings of the study indicated that the firm understudy engaged in international business, as evidenced by the countries and markets it provides its products to. From the study, the choice of markets closely relates to the proximity of the markets to the firm. This was justified by the firm's current mode of entry that is exportation which proved cheaper, where there existed psychic distance.

Proximity to the firms markets was related to the location advantages enjoyed by the firm .This advantages were both institutional advantages and country advantages, such as the proximity to ports and better infrastructure in the home country which the neighboring countries did not enjoy. Such factors made importation of goods by landlocked markets such as Rwanda and Burundi, as well as infrastructure challenged markets such as Somalia and South Sudan view global importation of pharmaceutical products as a complex and expensive venture.

The internationalisation strategy of the firm understudy had been based on an analysis of its core competencies and the environment of the host countries markets .Despite the firm being engaged in international business for over 15 years , the firm had kept its investment and commitment low and exercised testing of the markets before any high level engagement .As per the findings, the firm had limited itself to exportation as the mode of entry .This could be attributed to the nature of products that the firms engages in as well as the nature of its target market. The firm relied on exportation to supply its products in the East and Central African regions.

The particular selection of exportation as a mode of operation was justified by the nature of the firms markets which were considered as volatile and complex. Based on this reason the firm had opted to shelve other forms of entry such as whole subsidiaries or licensing. Previous market analysis conducted by the firm had resulted in advice for the firm to avoid expansion out of the Central and East African markets. Though the probability to succeed in sales outside of the firm’s current regional markets was low, there was indication of success in the West African markets for the firm, due to a special role played by the Kenyan Government to encourage trade ties between Kenyan and West African countries such as Benin. The approach for this particular market was considered untested, as the firm's intention was to use sales agents, prior to increasing market commitment.

There were certain engagements that the firm had engaged in that shortened the internationalisation process. It is evident that technology had been adopted by the firm understudy, in its business activities including its operations outside of the home country. Technology had been used through telesales, use of computer software systems such as the ERP technology in receiving orders, matching and dispatching products to customers , hence speeding up the transaction time .

On the other hand it had been discussed that firms internationalisation uses a gradual or incremental process. The role that technology plays is in reducing the delivery and order time, for both the clients and the firms itself. Technology has previously been attributed to the speeding up of the internationalisation process of firms, while at the same time cutting down the internationalisation process. The two aspects hence complement each other, the balance is in ensuring that startups and SME,s do not undertake sudden and abrupt expansion activities as they are not recommended for SME's

The firm understudy had in itself experienced favourable institutional framework which have been matched to the locational specific advantages such as the economic, political and social advantages in the host and home country. In combination this seems to have propelled the firm's internationalisation efforts within the region. Although the proximity of the countries within the East and Central Africa regions meant that the locational advantages shared were similar and available to all firms and markets within those regions, it was evident that similar players in those foreign markets had not used these locational factors to their advantage in the pharmaceutical industry. The research determined that Kenya alone provides 50% of the East and COMESA region pharmaceutical supplies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary of the findings, conclusions and recommendations drawn from the study having analysed the data. The limitation and suggestions for further research were presented.

5.2 Summary of Findings

The study focused on the internationalisation of operations by Medicel Kenya Limited and explored how the firms experiences and incremental approach in markets of operations, had affected the firms strategy in market expansion. The study was conducted using in-depth interviews with the senior managers of the firm, who were the decision makers and strategy makers in the firm .Being the key decision makers, they would provide useful and reliable information.

The study found that the firm the experience of the firm in certain markets had enriched the firms experience and influenced the internationalisation strategy in other subsequent markets. It was determined that the internationalisation of operations by Medicel Kenya Limited, had been an incremental process that had seen the firm move from one country's market of operation to another , based on the firms objectives , demand and market conditions. The firm had internationalised by engaging in business in ten countries, which were within the East and Central African countries. The countries are namely Malawi, Rwanda, Congo, Uganda, Tanzania, Somalia, South Sudan, Zambia and Burundi.

The study affirmed that under the Uppsala model, exporting is the main mode of internationalisation used by SME's. It was revealed that the firm had increased its operations in foreign markets, through careful analysis of choice of international market .The study determined that similarly faced obstacles of operating the East and central African markets, had seen the firm learn quickly and come up with strategies that were adaptable and flexible to new markets of operations.

From the study it was established that the firm had future expansion plans for the West African markets. The firm considered these markets to be lucrative, characterised by high demand and high market prices for pharmaceutical products. The identified objectives of the firms its internationalisation process were; to achieve economies of scale, through increasing its scale of operations and output levels, maximize profits and to gradually become a market leader in Africa. The firm realisation of economies of scale would be dependent on supply to both the domestic and international markets.

From the findings, the majority of the respondents indicated that the internationalisation activities bore positive and negative impacts on the firm. In countries such as the DRC, sales had constantly stuck at a low level, despite the firm maintaining and facilitating simple exporting. The study determined that the firm was in the process of considering its commitment and risk levels in such markets.

The firm though unwilling to increase its involvement had chosen to get stronger in such markets, as a strategic plan to enter into surrounding markets such as Chad and Angola .The positive impacts were in the increase in sales, the expansion of previously un- reachable markets, consideration of the firm for supply of essential drugs and pharmaceutical products by large NGO bodies such as the UN, host country governments and institutions, due to the firm's ability to supply at market level.

Additional negative impacts included the multiplication of business units that were harder to integrate and coordinate in the internationalisation effort of the firm. The internationalisation process had also exposed the firm to shocks in the foreign market which were not frequently experienced in the home country, such as inflation. The firm due to its preference of exportation as a mode of entry required large storage facilities to store products. This had proved to be expensive in terms of tying up capital and acquiring of storage space.

Locational advantages have been enjoyed by the firm due to the region that the firm operates in. This has been beneficial to the firm due to its close proximity to the regional markets, which are close to the home country of the firm, therefore providing a logistical advantage based on the firm's mode of entry, which is exportation. The proximity allows for the efficient use of this mode of entry .It is evident that exporting provides for a learning opportunity for the firm as it conducts business with its foreign market. Business negotiations between the firm, the decision makers and marketers in the countries of operations was facilitated by market knowledge, it was also economical and allowed for better market seeking .

The close relationship between the firm and its suppliers had encouraged reliable and long term relationships that assisted the firm understudy to acquire products get licenses to supply and distribute as well as act as representatives therefore propelling the firm in the region.

5.3 Conclusion

Since the study revealed market knowledge and experience do indeed provide a learning opportunity for the firm, the Uppsala model's perspective to internationalisation then proves meaningful as a basis for explaining the firm's expansion process. The firm's expansion into foreign markets has also been a long term endeavor, hence indicating that the firm's internationalisation had been an incremental process.

The locational specific advantages partly explain the motivation for the pursuit of internationalisation by Medicel Kenya Limited, although these factors were not replicated in the other regions. It is evident in the case of South Sudan and Somalia markets that the advantages are overshadowed by environmental factors in those countries that make firms not benefit fully from of psychic distance. It is hence a challenge to say if the firm has fully benefited from the locational specific advantages it should enjoy, as this locational specific advantages ought to be available in equal terms for all firms as well as be specific to a certain region or location.

5.4 Limitations of the Study

Although the Uppsala model provided evidence that the intensity of operations by the firm had increased based on the number of countries of operation, the study did not provide evidence linking early internationalisation of the firm to any future extra-regional internationalisation efforts of the firm. Based on the findings of the study, the firm understudy had future intra-regional and global plans for expansion, however the challenge was in indicating whether earlier regional experiences of the firm, would positively influence the global and intra-regional aspirations of the firm in its future expansion plans into the West African market. In addition, the study did not explain why despite the firm's market knowledge that some markets were complex and volatile such as Somalia and South Sudan, the firm had still undertaken operations in these markets such as Somalia and south Sudan.

Despite shared locational specific advantages that have propelled the firm to engage in regional markets, there are other industry and host country players' capable of undertaking the same but who have not been successful or who have not exploited the available markets. The researcher did not evaluate the role of psychic distance in this. The study did not explain the role of psychic distance in hindering market knowledge on locational advantages such as political, economic, cultural and environmental aspects relevant to international business activities.

5.5 Recommendations for Policy and Practice

The study recognised that learning about foreign markets and operations still remains critical in the internationalisation of the firm .From the study there was need for policy makers such as governments and trade bodies in host and home countries to reexamine the changes that had taken place in recent years and the effect that such changes had on the patterns of internationalisation .Based on this, certain measures should be put in place to make the foreign markets attractive to local and regional players .Simplifying such measures such as lowering of taxes and levies, especially on essential pharmaceutical products will assist businesses establishing operations in foreign markets to overcome operational challenges. The study determined that the firms understudy experienced certain bureaucracies', time consuming activities and lengthy processes during acquisition and distribution of products, especially in exportation, which was established as the main mode of entry. The study hence recommends that government and policy makers ought to facilitate ease in doing business, especially in the COMESA regions. Simplifying certain aspects of international trade such as reducing the amount of paper work at point of entry, reducing importation and exportation procedures and processes, as well as lowering the number of officials and contact persons at points of entry, will ease business operations for firms seeking to internationalise.

To curb various challenges experienced by firms during internationalisation, the study recommends that firms do an evaluation of their internal resources, structures and strategy. As much as there are external motivations to internationalise, internal knowledge and learning processes guide the objectives of the firm in regard to internationalisation and provide an insight on the viability of the firms operations in foreign markets.

Policy makers need to build structures that will provide insight on how knowledge affects the processes of firms in an international context. Such assessment will better inform and support learning by firms, through merging of modern knowledge and traditional business knowledge for improved performance of firms. This will provide broader and professional information, which will result in better strategies for firms.

5.6 Recommendations for Further Study

The Uppsala model is not solely capable of explaining the firm's total internationalisation and expansion behaviour .There is need to further study how modern factors have shortened the penetration and expansion processes of firms. The location specific advantages are not fully realised by the firm, due to its involvement in only one mode of entry, exportation. Although exportation may work as a strategy for the firm, it may hinder the firm from realising locational advantages stemming from use of other modes of operations such as Foreign Direct Investments and licensing inside countries where cost of operation may be cheap, due to certain locational advantages such as operational efficiencies by setting up in those markets.

The study focused on one organisation. A broader approach on the internationalisation of operations from an industry wide perspective should be reviewed .In addition, the experiences that the firm has undergone in these markets , have been not been fully explored nor have the relevant actions taken by the firm based on these experience .

Given that the firm represents various worldwide brands, as well as its own branded pharmaceutical products, it may be in the best interest of the firm to look and seek for sole authority to hold and distribute this brands exclusively for semi- proprietary purposes, in order to maintain control of distribution and competition as competing foreign agents or licensing may damage the reputation of the brand in the host countries.

Medicel Kenya's plans to gain a foothold and expand into the West African market and its pharmaceutical industry, needs careful market and strategy analysis. Big players such as Nigeria dominate the West African markets. Gradualist modes of entry do not aggressively propel the firm in such a market. The researcher advises on the establishment of sales subsidiaries, such as collaborations with an agent, as a means of increasing involvement in such markets and in testing the market.

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APPENDICES

APPENDIX i: Introductory Letter

Joan Githiomi,

School of Business,

University of Nairobi,

P.O Box 30197, Nairobi**.**

October 19th 2017.

Dear Respondent,

RE: **COLLECTION OF SURVEY DATA**

I am a post graduate student at the University Of Nairobi School Of Business. In order to fulfill the degree requirements, I am undertaking a research project on the internationalisation of operation by your firm .The research is for purpose of growing knowledge on internationalisation efforts of Kenyan SME's .

This is to kindly request for your assistance, by means of providing information based on the questions provided. The information will be exclusively used for academic purposes and will be treated in strict confidence. A final copy of the final paper will be availed to you upon your request.

Yours faithfully,

Joan Githiomi

APPENDIX ii: Interview Guide

Internationalisation of operations by Medicel Kenya Limited

This interview guide is for the purposes of data collection on internationalisation of operations at Medicel Kenya Ltd. The information obtained is for academic purposes and will be used in confidence**.**

SECTION I: General questions

1. What is your position in this organisation?

2. How long have you worked in the organisation?

3. How old is the organisation?

SECTION II: Foreign market(s) of operation and mode of operations

4. What is the number of foreign markets your company operates in? Name the market(s) of internationalisation by the firm.

5. What are your core competencies and capabilities in these market(s) ? Is your existing capability adequate for further expansion?

6. What are the benefits / limits of your current mode(s) of international market entry or operation(s)

SECTION III: Influence of experience and knowledge in foreign market entry

7. How would you describe the experience(s) in this/these specific market(s)? What has the influence of such experience(s) been to your internationalisation efforts?

8. List some of the identified characteristics /trends /patterns of market(s) of operations and their influence on further pursue of other markets

9. Have you identified any other countries for further operations? What has influenced this?

SECTION IV: Location influence on internationalisation

10. Are there predetermined factors/ preferences/ influences when selecting another country's market opportunities? List some of these factors/preferences / influences.

SECTION IV: Measurement of impact of internationalisation to the company

11. How has internationalisation had an impact on your organisation and its products? Are there benefits/challenges to internationalisation you would want to mention?

SECTION V: Debriefing

12. Is there any related additional information you would like to add to the interview?

13. Do you have any recommendations to firms seeking to enter into foreign markets?

14. May I contact you should further questions arise?

Thank you for your time.