# INTERNATIONALISATION: FOREIGN MARKET ENTRY AND OPERATION STRATEGY BY KENOLKOBILLIMITED

**BY**

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## DECLARATION

This research project is my original work and has not been presented for examination or award in any other university.

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Signature……………………....                    Date……………………..…

The project has been submitted for presentation with my approval as the university supervisor.

Supervisor's Signature…………………………    Date……………………………

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## DEDICATION

This research project is dedicated to the almighty God for His strength guidance and for giving me purpose in life. Secondly, I dedicate it to my family for being a pillar of support though out the writing of the research project.

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## ABBREVIATIONS AND ACRONYMS

| | | |
|---|---|---|
| ERC | : | Energy Regulatory Commission |
| FDI | : | Foreign Direct Investments |
| MNC | : | Multinational Companies |
| NSE | : | Nairobi Securities Exchange |

## ABSTRACT

Organizations both in the developed and developing countries are constantly being faced by threats and challenges that pose a threat to their sustainability. Though internationalisation aims at improving the performance, the advantages and challenges that may be experienced are not well defined by the available literature. The study sought to determine the internationalisation process and entry mode strategy used by KenolKobil in the international market. In conducting the study, the study adopted a case study research design. Primary method was utilized in obtaining information for the study. This was done using an interview guide. The data was collected from the top management at KenolKobil who were directly involved with the operations of the firm. Content analysis was used to analyse, identify and categorize patterns that were found in the study data and presented in narratives. The study ascertained the process of internationalisation strategy which has been utilised by KenolKobil in entering the international market. The study found that the main entry mode strategies used by the firm to be through acquisitions, wholly owned subsidiaries and outsourcing. Other strategies were also pointed out such as alliances, contracts, franchises, export and sequential market entry. The study further found out that internationalisation of KenolKobil had a significant positive effect on its performance. However, it was established that KenolKobil Limited was faced by three main challenges namely; legal challenges, political challenges, and existence of regional trading blocs during the internationalisation process. The study thus concludes that the current high net profit and shareholders' value returns at KenolKobil Limited could be attributed greatly to the company's venture in the international market. The study therefore recommends that for any company undertaking the internationalisation process, not only KenolKobil Limited, to ensure that they have selected and implemented their entry mode strategies carefully. The study further recommends that the government and other regulatory bodies formulate conducive policies and frameworks pertaining to the internationalisation process.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

In the recent competitive business environment, organizations are necessitated to come up with new ideas and strategies so as to attain competitive advantage (Hotho, Lyles, & Easterby, Smith, 2015). Particularly, internationalisation has increased in popularity among firms that are willing to go beyond the local market boundaries. It refers to a process whereby the organisation provides its goods and services to markets that are outside its country of origin (Masum, & Fernandez, 2008). Due to the increased internationalisation of firms, globalization of markets has been further enhanced, leading to improved economic integration and interdependence among countries (Esther, 2011).

The firms that enter the international market are more likely to perform better as they are able to source components more effectively and hold more prospects as compared to the domestic market (Bradley, 2005). This is supported by various theoretical frameworks that have been utilized in the concept of internationalisation in firms. While New Trade Theory holds that so as competitive nature is attained, an equal comparison of the domestic and local market should be accessed. This will enable determining the suitability in venturing in internationalisation (Johanson&Vahlne, 1997).

Various internationalisation strategies are used by organizations in entering the international market. This includes; exporting, joint venture, direct investments and franchising (Meyer, Estrin, Bhaumik, &Peng, 2009). Effective strategies will enable the organization to fully explore its resources and utilize its core competencies to ensure attainment of a competitive edge against the already pre-existing local companies. As such, improper choice of internationalisation strategies will not only result in the desired effects not being attained, but also massive losses to the company (Kirca, 2011).

KenolKobil, which was previously known as Kenya Oil Limited is among the leading distributors of petroleum and its associated products in not only Kenya, but also East Africa (Sukali, 2014). In pursuing the expansion strategy, the company seeks to diversify its international retail streams and wholesale product marketing. Though internationalisation aims at improving the performance, the advantages and challenges that may be experienced are not well defined by the available literature.

### 1.1.1 Concept of Internationalisation

Internationalisation was initially introduced in the 18th century and has drastically evolved since then. This has been facilitated by various factors such technology advancement, globalisation and transportation development. Internationalisation may thus be termed as the process through which an organisation gradually increases their international involvement (Johanson, & Vahlne, 1977). Similarly, Masum, and Fernandez (2008), term internationalisation as the process of integrating two or more economies through the means of trade and technology exchange. This broadens the market enabling the organisation to operate in both the domestic and international markets (Thompson & Strickland, 1993).

Luostarinen (1977) holds that the main reasons that firms opt to go for internationalisation is to enable growth of the firm. This growth relates to not only the internal factors, but also the external factors. These factors include market knowledge, resource availability, market environment and the strategies to be used. As such, through this approach, the internationalisation process should not be regarded only as through entering the foreign market, but also developing and managing the international operations.

The international market is highly competitive thus forcing the companies to come up with internalisation strategies to thrive. These strategies include; licensing, strategic alliances, joint venture, whole owned subsidiaries, exporting and direct investment. The choice of the strategy to be adopted by a firm will be largely determined by the organisational settings and the dynamics of market involved. However, in Kenya, certain barriers such as political instability, corruption, insecurity and delayed work permits that may hinder internationalisation process to occur smoothly (Bradley, 2005).

### 1.1.2 Entry and Operation Strategies

Strategy is defined as a method employed in attaining the set targets and objectives (Jayabalan, et al, 2009). The entry strategies in this regard are the ways through which organisations increase their business in terms of the expertise, human skills, products, and other assets in the international market (Worthington & Britton, 2014). The choice of an entry mode type is an important part of a firm's foreign investment strategy (Chang & Rosenzweig, 2001). This aids in improving not only the performance but also the internal development of the firm.

The foreign market entry used may vary based on the organisation and the target market. There are two main entry strategies used in entering the international market namely marketing and operational. Marketing is used whereby the company does not require establishing a physical base in the foreign market. This may be through exporting its products and licensing (Johannesson & Palona, 2010).

The operation strategies on the other hand include franchising, joint venture and direct investments, why a direct contact with the customer base is required (Kiandiko, 2007). The choice of a certain strategy depends on the costs of strategy formulation and implementation. Market entry choices to be adopted ought to be carefully selected as it significantly influences both the current and future performance of the firm (Gathirua, 2013).

### 1.1.3 Oil industry in Kenya

The oil industry in Kenya is categorised broadly into three main segments. This includes the upstream segment that undertakes in most exploration and productions, the midstream segment that does the refining and transportation, and lastly the downstream segment which does the distributions and supplies. However, since there is no production in Kenya, the upstream segment mainly involves in exploration (Hubert, 2016). The middle stream plays the crucial role of storage and transporting the crude oil into consumable oil and gas products.

Currently, there is one refinery in Kenya, the Kenya Petroleum Refineries Limited that enables this (ERC, 2017). The downstream segment ensures that the consumers have access to the refined products which is supplied and distributed through transport pipelines, storage and retail outlets country wide (Hubert, 2016).

The oil industry in Kenya constitutes a very integral part in the economic development. Currently, despite the oil industry having over 40 key players, it is dominated by only few players who have about 75% of the market share. The leading being Total Kenya that controls a third of the oil market, KenolKobil controls 18.7%, Kenya Shell controls 17.8%, while Oil Libya controls 11.7%. Other minor players include; Engen, Mogas, Galana Oil Company, Gapco Oil Company, Hass and National Oil Corporation (ERC, 2017).

The upheavals in the oil producing countries such as Libya, South Sudan and Sudan are the other changes that have affected oil supply in the international market. The fuel prices are constantly evaluated by Energy Regulatory Commission (ERC) that reviews and regulates fuel prices on 14th of every month (ERC, 2017). However, the escalating international crude oil prices continue to occur in the oil industry. Current fuel prices are the highest ever, not only here in Kenya but all over the world. In 2016, the oil prices were relatively low at below USD 30/Barrel for Murba Crude which however rose sharply to around mid-40 USD/Barrel in the second and third quarters of the year, and further rose to 50 USD/Barrel in the last quarter of the year (Olang, & Esteban, 2017).This raises much concern on the measures that may be used so as to stabilize the oil prices and maximize on the available resources.

### 1.1.4 KenolKobil Limited

KenolKobil Limited is a public company which is listed in the Nairobi Securities Exchange under the Energy sector (NSE, 2017). The company was developed in 1999 and has grown drastically since then to become a well-recognized oil marketing company in the entire Eastern, Central and Southern Africa. Particularly, the company recorded growth of 20% in profitability in 2016 to attain a net profit after tax of KSh 2.41 billion from KSh2 billion which was reported in 2015 (KenolKobil, 2017). The growth in volume also increased by 20% as well as the effect of the oil price changes.

The company recorded a net profit of KSh 1.422 billion in its 2017 half year compared to KSh 1.190 Million of 2016 half year. Previously, Kenol and Kobil were jointly managed whilst sharing the profits and operational expenses. It was not until 2007 when Kenol acquired 100% of Kobil Petroleum which increased the returns significantly. This is due to the combined balance sheet of the two companies improving their borrowing terms enabling the company to be able to acquire additional finances. Therefore enabling additional investments and for the company to internationalise its operation to more countries.

Currently, the company consists of a group of subsidiaries which are in 7 countries namely; Kenya where the headquarters are located, Ethiopia, Burundi, Zambia, Tanzania, Uganda, and Zimbabwe. The main stakeholders at KenolKobil Limited includes; Wells Petroleum Holdings Limited with 25%, Petro Holdings Limited with 17%, Energy Resources Capital Limited with 6% and Other investors with 52%. The group focuses on reducing the financial costs so as to safeguard the shareholders' interests.

## 1.2 Research Problem

The advancement in technology, communication and transport systems has drastically reduced the global market. This has made it easier for companies to easily venture in the international market which is deemed to be more favourable (Yonatany, 2017). Hence, the available trading opportunities beyond borders have been increased luring more companies to undertake internationalisation.

The global market has thus gained popularity as more organisations shun away from the local market which is overcrowded and less profitable. However, before companies can operate in international markets, they are required to develop market-entry strategies to be competitive enough in a foreign economy (Johannesson and Palona, 2010).

This has seen numerous studies being conducted to determine the internationalisation process in organization. To begin with, Westhead (2009) conducted a study aimed at determining internationalisation of new firms in Britain. The study found out that the companies practicing exporting performed better than those which did not. Koch (2001) conducted a study on foreign companies in Australia and found out that every international market expansion requires a detailed understanding of the foreign market with the external environment being a main barrier. This relates to the study conducted by Meyer, Estrin, Bhaumik, and Peng (2011) on effective internationalisation strategies in multinational companies in Canada.

Ogot (2009) studied the factors influencing business internationalisation in motor vehicle industry. A study was conducted on General Motors East Africa to identify factors influencing vehicle export and evaluation of the effectiveness of the internationalisation strategies adopted. The study used both secondary and primary data. Questionnaires were used to collect primary data from 11 respondents from General Motors East Africa senior staff and dealers. The key success factors in vehicle export were identified as product quality, distribution, warranty, pricing, financing, delivery, parts support promotion and brand name in Kenya.

The study found the main factors to be political instability, long procedures and poor infrastructure. Kenyan lead oil marketer, KenolKobil realized a net foreign exchange gain of KSH. 2.3 billion in 2016, an improvement from 1.72 billion realized in 2015. This impressive performance has seen the company to remain profitable with the shareholders' funds increasing to up to Ksh 9.9 billion up from 8.55 billion in 2015 (KenolKobil Limited, 2016).

In attempt to improve these conditions even further, the company has sought various internationalisation strategies that are aimed to boost the performance. However, various challenges have been determined to face internationalisation of Kenyan companies such as limited to trade barriers, financial constraints, and exposure to labour market constraints, productivity and technological issues thus limiting its effectiveness (Lages and Montgomery, 2012).

In Kenya, Ngetich, (2010) investigated the entry strategies that are used by Kenya Commercial Bank in gaining entry to the East Africa region. This study established that the bank mainly used strategic alliances. The study was conducted using a case study design because it enables the collection of in depth information about the population being studied. Using questionnaires, the researcher was able to collect data which was then analysed using both qualitative and quantitative methods thereby determining the marketing strategies used by the bank.

Ndolo (2015) conducted a study on challenges of internationalisation of business operations by medium size manufacturing enterprises in Nairobi County, Kenya. The research study adopted a cross sectional survey. The researcher used primary and secondary data. Primary data was collected using a quantitative approach to investigate the challenges of internationalisation of business operations by medium size manufacturing enterprises in Nairobi County, Kenya.

On the other hand, the secondary data was obtained from the information published by the firm. The study found that there has been a moderate level of internationalization of business operations of the medium size manufacturing enterprises in Nairobi County, Kenya. The studies however did not have uniformity on the internationalisation strategies that are used. This shows that based on the literature available; there is inconclusiveness about the choice of internationalisation strategies adopted by organisations.

Additionally, there is a scarcity of studies on the internationalisation strategies used by firms in Kenya and the oil industry, hence the focus of this study. While acknowledging that other people have covered this research area this project has established a prerequisite for further research on the area considering that internationalisation is still a new phenomenon in Kenya and Africa at large. What is the internationalisation process at KenolKobil limited?

## 1.3 Research Objectives

The research had two objectives, these were;

i. To establish the internationalisation process at KenolKobil.

ii. To establish the entry and operation mode strategies used by KenolKobil in the international market.

## 1.4 Value of the Study

The findings of the study will be of importance to KenolKobil and all the oil companies in general. This is because it would highlight the impact of choice of internationalisation strategy to growth of a firm. Managers may therefore use these results to select the optimal strategies that would optimize growth of Oil companies. Findings from the study could aid managers of prospective firms, and those other people that want to go into other markets.

Policy makers and the government of Kenya will find the results of this study useful in designing policy framework and creating the enabling environment that supports indigenous companies to internationalize. This will be done through understanding what exactly undermines how the organizations are internationalised and any challenges that may be experienced. Hence, the policies and frameworks thus formulated will thus be conducive to ensure more companies under internationalisation.

This study will also be of much importance to the academicians and scholars. It will inform them of the concept of internationalisation in firms, its importance and any shortcomings experienced. Though investigating the internationalisation process at KenolKobil and the entry strategy used, it will build to the already existing theories Uppsala Model and The Eclectic Paradigm. This will improve the simplicity of practice of these studies through the evidence that will be provided. It will also form a basis for future research in the similar area.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter reviews the available literature pertaining to internationalisation in firms both in the developing and developed countries. The different theoretical frameworks associated with the study are reviewed in this section and their proposition and effects on the research variables is clearly discussed. According to Kumar and Subramaniam (1997), little has been covered by the existing literature on the evaluation of market selection and decisions regarding mode of entry as interdependent decisions.

Luostarinen (1979) also adds that a firm's internationalisation decisions including product decisions, market choice and entry modes are made in a holistic way. It also reviews the internationalisation strategies adopted by companies, empirical literature regarding the study's objective, methodology and findings.

Previous studies reveal that firms from advanced economies attain ownership advantages from their size and technological superiority. They literally expand their operations and sales to foreign markets through an evolutionary and sequential process of building foreign relationships over time (Welch and Luostarinen, 1988). The chapter ends outlining summary of the literatures and revealing the research gap.

## 2.2 Theoretical Foundation

The study adopted various theories in explaining internationalisation at KenolKobil. The theories include; Uppsala Model, The Theory of Absolute Advantage and The Eclectic Paradigm. The continuous association of individuals, companies and nations as a result of globalization has forced firms out of their domestic market to international stage in a mid to attain sustainable competitive advantage (Michael E. Porter, 1985). Initially, Internationalisation was only thought as a strategy for large firms. Internationalisation by small firms is associated with threat as opposed to opportunities and thus often considered as home market oriented (Lindmark, 1998 in Kock& Laine, 2001).

Internationalisation is however undertaken by all firms regardless of size. Firms no longer believe in staying at home despite the good prospects at the home market. The advancement of internationalisation has expanded the growth of many firms due to economies of scale advantages derived from the expansion. Therefore, internationalisation has become a topical issue in most literatures.

### 2.2.1The Uppsala Model

The Uppsala Model was initially proposed by Blomstermo and DeoSharma (2003). The theory holds that internationalisation is a gradual and evolutionary process that occurs in systematically organized steps. Hence, the company cannot be formulated then instantly gain dominance in the international market. The firm will have to first gain sufficient information on the intended market before gradually getting involved into establishing into the market segment.

Therefore, being successful in the domestic market will be a motivating factor towards international prosperity. Not only does the model explain the internationalisation as a process, but also concurs with the resource-based view in that the experiential knowledge is treated as resources that the organization uses in international expansion. However, the theory has limitations in that it is only valid in the early stages of internationalisation, where lack of knowledge is a constraint (Blomstermo and DeoSharma, 2003).

The theory’s proposition is that as a firm acquires the knowledge and experience about their internal market, it will at some point turn into external markets (Dima 2010). It’s implication to the study is that those companies that are successful in the international market are also successful in their home country, hence a positive correlation between the two. Thus, the multinational companies should not entirely focus on the international market without exploiting the local market as well.

### 2.2.2The Theory of Absolute Advantage

Theory of Absolute Advantage was proposed by Adam Smith (1776). The theory states that countries gain more if they exported those that they could produce best and imported what they were not well at producing. Thus, the theory holds that the main motivation factor for the internationalisation process is to create a balance between the inputs and outputs of a country. Thus absolute advantage is attained when the country or firm as sufficient production to cater for both local and international demands (Adam Smith, 1776).

Hence when a country is more efficient than another in the production of a commodity, it has absolute advantage in the production of that commodity. The assumption is that a country might be more efficient in the production of some products and less efficient in others relative to another nation (Mumo, 2005). This however is not usually the case as there are instance whereby there is homogeneous production of commodities due to similar resources which ends up reducing the absolute advantage to be acquired.

The theory’s proposition is that specialisation based on absolute advantage enables countries to produce more in total and exchange surplus products for goods that are cheaper in price than they would if they were produced at home. The same is applicable to the multinational companies whereby, they may utilize the locally available resources in exploiting the international market. This will enable them to have improved returns as compared to if they had only focused on the internal market segment.

## 2.3 Internationalisation of Companies

### 2.3.1 Inward Internationalisation

Luostarinen (1977) proposes a three-phase model through which the organization engages in international involvement. This includes the pre-engagement, initial and the advanced phase. The initial process of internationalisation is establishing the organization's status through the nearby local market. This will enable the organization to familiarize itself with the production, distribution and identify any short comings that may arise. At later stages, when the firm has established its relations both internally and externally, it may focus in venturing in the international market.

Inward operations are regarded as a strategic resource for the firm due to acting as a prerequisite for the establishment of the firm and increasing the technical knowledge of the firm. The involvement in international inward process occurs through operations such as exporting, licensing or contract manufacturing (Luostarinen, 1993).The process of internationalisation starts with domestic success where the firm sells only to home market. At this point the company may still be gaining ground and establish their operations before deciding to venture outside.

Licensing strategy is where a company in a country agrees to allow another company to conduct its operations (Kontinen, &Ojala, 2010). It enables a good way to start in foreign operations and open the door to low risk manufacturing relationships, linkage of parent and receiving partner interest.

Direct Import is where a company buys products from another country directly without using an intermediary.  Indirect Import is when a company buys products from someone in another country using an intermediary or organisation that arranges business agreements.

Strategic alliance is an arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project. A strategic alliance is less involved and less binding than joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity.

Linked countertrade is where the sale of goods and services is done to one company in other country by a company that promises to make a future purchase of a specific product from the same company in that country. Buyback occurs when a firm builds a plant in a country or supplies technology, equipment, training, or other services to the country and agrees to take a certain percentage of the plant's output as partial payment for the contract.

Contract manufacturing is where the company delegates the managerial duties and roles such as technical advice and expertise to a second company (Naidoo, et al, 2016). It may also include the intangible properties such as trademarks, copyrights and trademark. The contracted company is thus given money compensation in return (Luostarinen, 1988). Hence the international market is seen to be full of opportunities. This may be due to the local market having difficulties in expansion, slow growth rate, saturated and have lots of regulatory obstacles (Kontinen, &Ojala, 2010).

### 2.3.2 Outward Internationalization

Internationalisation of firms has been a key debate in international business in the past two decades (Emarilli, 1990). Various strategies are used during internationalisation by outward internationalisation of companies namely, franchising, joint venture and Foreign Direct Investments. Franchising is a form of licensing in which the franchiser makes total marketing programmes available, including brand management advice. The franchise agreement tends to be more comprehensive than a normal licensing arrangement because the franchisee agrees to a total operation being prescribed (Christian et al. 2011). In this business relationship, the franchisor assigns to independent people the right to market and distribute the franchisor's goods or service, and to use the business name for a fixed period.

Joint Venture on the other hand involves an agreement between two or more companies that entails joint equity in both ownership and control (Yeniyurt, &Carnovale, 2017). This mainly happens whereby full ownership is too risky or not allowed in the host nation. It differs from licensing because it affords the international firm an equity position and management voice in the foreign firm.

Thus, the international firm shares both in ownership and management of the foreign firm. A Joint venture agreement results in the formation of a new company in which the parties have shares. The foreign direct investment on the other hand is where the company decides to undertake the internationalization through directly being involved in an already existing company (Koch, 2001).

This entails a phenomenon that involves intergrating the domestic economic system and the global market. It is mainly attained through opening the local economic sector and the domestic capital to enable the foreign companies to establish (Rabiei, and Masoudi, 2012). The FDI are argued to bridge the gap between the developed and developing countries through creating more growth opportunities.

## 2.4 Entry and Operation Strategies used by Companies

The foreign market entry used may vary based on the organization and the target market. There are two main entry strategies used in entering the international market namely marketing and operational. Marketing is used whereby the company does not require establishing a physical base in the foreign market. This may be through exporting its products and licensing (Johannesson & Palona, 2010).

The operation strategies on the other hand include franchising, joint venture and direct investments, where a direct contact with the customer base is required (Kiandiko, 2007). The choice of a certain strategy depends on the costs of strategy formulation and implementation. Market entry choices to be adopted ought to be carefully selected as it significantly influences both the current and future performance of the firm (Gathirua, 2013).

Direct Exporting

Direct exporting is selling directly into the market you have chosen using your own resources. Many companies, once they have established a sales program turn to agents or distributors to represent them further in that market. Agents and distributors work closely with you in representing your interests. They become the face of your company and thus it is important that your choice of agents and distributors is handled in much the same way you would hire a key staff person.

Licensing

Licensing is an arrangement where a firm transfers the rights to the use of a product or service to another firm. It is a particularly useful strategy if the purchaser of the license has a relatively large market share in the market you want to enter. Licenses can be for marketing or production.

Franchising

Franchising is gaining traction in most parts of the world. Franchising works well for firms that have a repeatable business model that can be easily transferred into other markets. Two caveats are required when considering using the franchise model. The first is that your business model should either be very unique or have strong brand recognition that can be utilized internationally and secondly you may be creating your future competition in your franchise (Johannesson & Palona, 2010).

Joint Ventures

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. Two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally.

## 2.5Empirical Studies and Research Gap

Organizations have been established to undergo internationalisation due to many reasons such as to compete for limited resources thus increase their market and serve a wide range of population (Masum, & Fernandez, 2008). Though this move is supported by the available theories to have a positive influence on how the organisations perform, the studies conducted have not been fully conclusive. This shows no simplicity in application of the theories (Kontinen, &Ojala, 2010).

Vahlne, (1977) Firms follow a gradual internationalisation process: the need to acquire knowledge about local demand and supply conditions leads them to serve a foreign market via exports before engaging in foreign direct entry. Ogutu and Mbula, (2012) investigated the strategies used by multinationals to cope with competition in Kenya.

The study used primary data collected by questionnaires and the data analysed using descriptive statistics. The study established that the companies used mainly cost cutting measures, alliances and innovations. However, the exact relationship among the study variables was not established.

Ogutu, and Nyatichi, (2012) investigated the competitive strategies adopted by Multinational foreign companies in Kenya. The data was analysed using descriptive statistics such as mean scores, percentages and frequencies. The SPSS tool of analysis was also used. The findings indicated clearly that for multinational foreign companies to maintain their competitive edge in the market they have largely adopted broad differentiation strategy. The study gives insight regarding the competitive strategies that give multinational foreign companies a competitive edge in Kenya. The study however wasn't able enumerate the other strategies adopted by these companies.

Gaceri, Mugambi and Wepukhulu, (2015) conducted a study on the factors influencing the execution of internationalisation strategy among foreign pharmaceutical marketing companies in Kenya. Using a sample size of 46 foreign pharmaceutical marketing companies in Kenya, the study establishes that favourable government policies, organizational competitiveness and organisational capabilities are correlates of internationalisation strategy execution among foreign pharmaceutical companies in Kenya.

This shows that studies conducted also have mainly concentrated in the developed countries, with only few being conducted in the developing countries such as Kenya. Additionally, there is scarcity of studies done in the oil sector, which has a huge potential of contributing significantly to the country's GDP if well exploited. This shows the presence of a knowledge gap which this study aimed at addressing, it sought to establish the internatuonalisation strategy at KenolKobil, its effectiveness and any challenges experienced.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

The research methodology constitutes the research approach that was used by the researcher. Research methodology is a systematic organisation of the methods applied in the study field. It refers to a theoretical analysis of the methods and principles linked with a branch of knowledge (Mugenda and Mugenda, 2003). It aids in ensuring adequate planning during the entire study period.

The research methodology mainly deals with describing the methods to be applied during the entire study period. This explains the technical procedures in a manner that is easily understood by the audience. This thus forms the general principle or philosophy which will guide the study in accomplishing its objectives. Research methodology describes the research design that will form a basis for the study. It also describes the study population and the population will be targeted, the sampling design to be used in obtaining the study sample and the data collection methods. Additionally, it represents how the collected data will be analysed, validated, checked for consistency, interpreted and presented.

## 3.2 Research Design

The research design is the arrangement of the conditions for proper collection and analysis of the collected data in a way through which relevance of the research purpose is attained. It is a systematic and organized plan through which the study is conducted. This aims to facilitate smooth research operations to enable comprehensive collection of the required information. The research design provides an overall plan for addressing the research questions.

The selection of the research design is largely dependent on the nature of the research objectives and questions, the variables, the research setting, sample participates and the data analysis methods. This study adopted a case study research design.  A case study involves an in-depth study of a subject and gives testable hypotheses. The use of case study research design is supported by Soy (2006) who state that it offers insights that may not be achievable by other approaches.

Hence, the research design provided a platform for contextually interpreting and understanding how KenolKobil has undergone internationalisation and any challenges experienced. The study also employed qualitative research methods which entailed mostly non-numerical data and emphasizes mostly on the words rather than quantifications.

### 3.3 Data Collection

The study used primary method in obtaining information for the study. This was using an interview guide as per appendix I. Primary data is the most preferred as it is reliable and current with minimal chance of being biased. It also can be designed and personalised based on the study. The interview guide entails a document which contains questions that are used to obtained answers from respondents on a one on one basis (Kontinen, & Ojala, 2010). This enabled the collection of a wide range of accurate data within the shortest time possible.

Additionally, it enabled the respondents to gauge the accuracy of the responses given hence comprehensively determining the phenomenon that exists, thus the most appropriate for the study. This is supported by Sekaran and Bougie (2010) who holds the recommendation that personal interviews ensure that the researcher is able to view the respondents' attitudes and behaviour. As such, data collection was through interview guides with the respondents. The interview guide was developed based on the study's objectives.

The data was collected from the top management at KenolKobil which include supply, Export, Operations and Marketing Departments. This entailed a total of four respondents who were chosen due to their knowledge ability in the internationalisation process. The interview guide was developed on the objectives of the study.

### 3.4 Data Analysis

Data analysis follows immediately the data collection process is over. Data analysis refers to the process of obtaining meaningful information from the raw data collected. Before analysis, data was cleaned to eliminate discrepancies and thereafter, data coded and keyed in to the computer program.

Data analysis entailed qualitative analysis techniques to fully analyze the data from the interview responses. Qualitative data is the range of processes and procedures whereby we move from the qualitative data that has been collected into some form of explanation, understanding or interpretation of the people and situations we are investigating. It is usually based on an interpretative philosophy.

Content analysis was used to analyse, identify and categorize patterns that are found in the data. This is a research technique used for the objective, systematic, and quantitative description of manifest content of communication. Content analysis is a research tool focused on the actual content and internal features of media. It enables the researcher to determine the adequacy of information, the credibility and usefulness of information in answering research questions and achieving the objectives of the study. Content analysis enables researchers to analyze data with ease.

# CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

## 4.1. Introduction

This chapter presents an analysis of the study findings and interprets the findings of the study. The chapter addresses the objective of the study was to determine internationalisation: foreign market entry and operational strategy by KenolKobil Limited. The data was gathered through interview guides, analysed using content analysis and presented in form of narratives. The chapter finalises with a summary of the key findings of the study.

## 4.2 Demographic Information

The researcher gathered data from the key informants of the study who were the departmental heads at KenolKobil Limited. This included the supply, Export, Operations and Marketing Departments. These respondents were selected as they are directly involved with overseeing the activities of the firm hence deemed the most conversant with the study topic. According to the found data, all the projected departmental heads were interviewed which translates to a response rate of 100%. The commendable response rate was achieved mainly because the researcher made appointments prior to conducting the study and made constant follow ups through calls and emails.

Each of them works at different positions hence provided their opinion based on their departments. On the functions each played in the internationalisation process, the respondents pointed out issues such as, product promotions, fuel distribution, regional products promotion, market surveillance and financial managements. The interviewees had worked at KenolKobil for a duration of more than four years and therefore were fully informed on the internationalisation process in the corporation. Moreover, the lengthy work experience assured the researcher that the responses given were reliable and accurate.

### 4.3. Internationalisation Process of KenolKobil Limited

The study sought out to find out the Internationalisation of KenolKobil Limited, the process itself, the motivation behind it and any challenges experienced. This refers to the process through which KenolKobil Limited has been able to gradually increase its international involvement to other countries. The interviewees were all affirmative on the firm undergoing internationalisation over the few years, and that the process is still ongoing. They described it to be an avenue through which the company may be able to integrate the market economy in Kenya with that of the international market.

On the procedure or steps taken during the internationalisation of KenolKobil, the interview responses revealed it to be a long and well-planned process. The stages were found out to be grouped into three main phases. The first phase was establishment of the organization status through the local market, in this case being the oil and petroleum sector in Kenya. This was followed by the initial phase of identification of the potential countries to venture in the international market. A detailed analysis and survey on the potential risks and benefits were evaluated first before any internationalisation decision was made.

The final phase indicated the advanced or critical phase. This involved the actual entry point into the foreign county, assets acquisition and penetration of the market. This was found to be the most delicate but difficult phase of the internationalisation of the firm. It is a great determinant as to whether the company will thrive or incur losses in the process.

For this to be successful, the interviewees stated that the formulation and implementation of foreign market entry and operational strategy was a crucial necessity. The interviewees further stated that so far, the company has been successful in entering several foreign markets. The first foreign market entry was found to be in 1999, when the country first acquired complete stake of Galana Oil Uganda Limited and later renamed it Kobil Uganda Limited in 2001.

It was also argued that the foreign market entry was just in its initial steps and much was to be expected in the coming years. The Group was found to be a desire to increase its growth through regional expansion. However, some of the interviewees pointed out that a careful assessment of the potential risks ought to be carefully weighed out against the potential growth opportunities for the internationalisation of KenolKobil Limited to reap benefits.

### 4.3.1KenolKobil Service Stations

This section sought to establish from the interviewees the countries that KenolKobil Limited has been able to enter and be operational. This was measured by the number of service stations that KenolKobil had in the respective countries. The responses showed that the organisation has ventured into the East and Southern African Countries by Table 4.1.

**Table 4.1KenolKobil Service Stations**

| Country | Number of Service Stations |
|---|---|
| Burundi | 17 |
| Ethiopia | 65 |
| Kenya | 156 |
| Rwanda | 46 |
| Tanzania | 27 |
| Uganda | 64 |
| Zambia | 25 |
| Total | 401 |

As shown by Table 4.1, KenolKobil Limited was found out to have a total of 401 service stations in the region whereby; Kenya has 156 service stations, Ethiopia has 65 service stations, Uganda has 64 service stations, Rwanda has 46 service stations, Tanzania has 27 service stations, Zambia has 25 service stations while Burundi has 17 service stations. This implies that the three countries that KenolKobil had dominated were Kenya, Uganda and Ethiopia while the least was in Burundi where it was just in its initial stages.

The interviewees further stated that the organisation targets to increase the service station to approximately 413 by the end of 2018. This will achieved by adding 4 service stations in Tanzania, 3 service stations in Zambia and 5 service stations in Ethiopia. It was indicated that Ethiopia specifically, is intended to be used by KenolKobil Limited as a frontier into accessing the Northern Africa Market. Through entering these foreign markets, the respondents argued that the organization will be able to create a reputable and well recognized brand among the OPCs in Africa.

### 4.3.2 Motivation for internationalisation at Kenolkobil

The study aimed at investigating the motivations that lead to the internationalisation of KenolKobil. The interview responses revealed that the main reason for the organization entering the foreign markets was to enable it to expand its operations in the international market, mostly the nearby Eastern and Central countries. Through this, it can evade the intensified local competition and venture into the new and less populated foreign markets through leading to improved performance and more profits.

Some of the interviewees also pointed out profitability to be another motivating factor for the internationalisation of KenolKobil. This is because, the international market is perceived to be more profitable or of having more added on profits. The profit margin is mostly accrued from the firm being able to enjoy the economies of scale through drastically increasing its outputs. The increase in the production in the foreign market was also linked to the reduction of cost of production for the domestic sales therefore making the firm to be competitive more.

The respondents also stated that the company is motivated to venture into even more countries while diversifying its operations. Specifically, some of the potential profitable business segments that may be utilized in the foreign market entry was found out to be, K-Gas, liquefied petroleum gas and lubricants. The multinational operation will be essential in accessing more competitive oil products, pricing benefits and enhanced strategic expansion plans.

The internationalisation process was therefore stated to be advantageous in not only facilitating the company's internal growth, but also the external growth. This relates to the market share, market environment, consumer base, resource availability and profitability. It was therefore hypothesized that the foreign market entry was a very necessary management strategy to enable the firm to accomplish its set organizational goals. Due to the increased internationalisation of the firm, KenolKobil was indicated to be able to source components more effectively. This results in it holding more prospects as compared to the domestic market.

### 4.3.3 Challenges KenolKobil Encountered During Internationalisation

The study sought to ascertain whether there were any specific challenges that KenolKobil Encountered during its internationalisation. The interviewees all agreed that the foreign market entry was not an entirely smooth process as it was faced by a myriad of challenges. The main challenges were pointed out to be; legal challenges, political challenges, existence of regional trading blocs. Other challenges were stated to be government policies, inter-border movements, price fluctuations, market protection regimes, competitions and organizational, lack of adequate foreign knowledge, heavy taxations, monopoly control of petroleum products in some of the countries and conflicting cultural, ethics and norms.

Some of the legal challenges were found out to be long bureaucratic procedure, difficulties complex procedures and formalities in establishing in the foreign countries, restrictions with relations to labour acquisition, problems in acquisition of businesses and property, bottlenecks during licensing. Other legal constraints to the internationalisation of KenolKobil Limited were noted to be enforcement of proprietary rights, malicious litigations, lack of transparency at the legislative level and provision for the local ownerships.

On the political challenges, the interviewees stated the major ones to be delays in granting of working permits, existing trade tariffs, high tax regimes, corruptions and mistrust, political instabilities and the political portage of the competitors. This tend to make the operating environment not to be conducive and, in most cases, results in additional costs being incurred. Some of the means through which the political based barriers were overcome was through diplomacy, networking and negotiations.

As pertaining to existence of regional trading blocs restrictions, it was established that it posed a great challenge through; lack of common monetary policy, high trade tariffs, increased competitions due to the enhanced flow of goods and existence of trade quota, lack of commitment by the member countries as well as conflicting policies. The regional blocks were pointed out to be a huge determinant of the success of the internationalisation process as it was responsible for formulation of economic guidelines, facilitation of capital flow and common tariffs. The main economic blocks established to influence KenolKobil Limited were stated to be East African Community (EAC), Economic Community of West Africa (ECOWAS) and Common Market for East and Southern Africa (COMESA).

## 4.4 Internationalisation strategies used at KenolKobil

The study also sought to establish the foreign market entry and operational strategy utilized by KenolKobil Limited. The entry strategies relate to the ways in which the firm can increase the market value, profitability, human capacity and assets in the international market. The choice of the strategy to be adopted by a firm will be largely determined by the organisational settings and the dynamics of market involved. The interviewees stated that the main strategy utilised by KenolKobil Limited in foreign market entry was wholly owned subsidiaries, with acquisitions and outsourcing being used as well but to low extents. Other strategies were also pointed out such as alliances, contracts, franchises, export and sequential market entry.

### 4.4.1 Wholly owned subsidiaries

All the respondents agreed that wholly owned subsidiaries to be the key internationalisation strategy used by KenolKobil in penetrating the foreign countries. Wholly owned subsidiaries are the establishments of the organization in the foreign locations that are entirely owned by the firm. This entry point enables the firm to be in full control of the operations, provision of the needed capital and be accountable for the risk. Table 4.2 shows a summary of the main subsidiaries of KenolKobil based on the interview responses**.**

**Table 4.2 Subsidiaries of KenolKobil Limited**

| **Subsidiary** | **Country** |
|---|---|
| Kobil Petroleum Limited | Delaware, USA (Investment Holding Co.) |
| Kobil Uganda Limited | Uganda |
| Kobil Ethiopia Limited (Plc) | Ethiopia |
| Kobil Mozambique Limited | Mozambique |
| Kobil Burundi SA | Burundi |
| Kobil Petroleum Rwanda Limited | Rwanda |
| Kobil Zambia Limited | Zambia |

As shown, KenolKobil Limited has six main wholly owned subsidiaries in both East and Central Africa. The use of wholly owned subsidiaries is supported by Meyer et al., (2007) who postulate that it facilitates environmental risk and protectionist legislation which may require local involvement. However, it was established that KenolKobil previously had a subsidiary in Tanzania and depot in Congo which were later sold as they were underperforming and under constant pressure from the volatile environment, inefficiency and high competition levels and was thus stated to be a positive and supported development.

### 4.4.2 Acquisitions

The interviewees also indicated that acquisition was the other foreign entry strategy by KenolKobil Limited. This refers to the purchase of shares or assets of another company so to achieve a managerial influence. It entails the act of one company taking control over another company. No new company is formed under acquisition and it is mainly done by means of buying shares of the company being acquired or buying assets of this company. The main aim of acquisition is to expand market share, reduce business risk, for entering new markets and geographies and for capitalising on economies of scale.

The researcher further went ahead to enquire some of the acquisitions undertaken by KenolKobil Limited in the recent years. It was found that KenolKobil Limited has increased most of its stakes through acquisitions such as in Zambia whereby it acquired Kobil Zambia, from Chevron leading to its increase in the companies. Additionally, it was stated that the group acquired Oil Burundi in 2009. The company has ever since made several acquisitions of strategically located services stations.

The importance of acquisition was argued to be expansion of operations, reduction of operation costs, therefore operating on economies of scale and resulting in efficiency of operations. However, other interviewees contradicted this stating that the company is slowly shifting from acquisitions to the concentration of non-fuel business lines and corporation with strategic partners who will result in even higher returns.

### 4.4.3 Outsourcing

Outsourcing was also established to be used as a foreign market entry and operational strategy by KenolKobil Limited based on the responses obtained from the interviews. This entails handing over certain parts of the business to a trusted partner as contract which aims at reducing the operation costs and focusing more on the competencies. The respondents indicated that KenolKobil has actively been involved in outsourcing service providers who aid in performing specialised roles and professional services at the foreign countries.

The importance of outsourcing to the internationalisation process is that it has enabled KenolKobil to focus entirely on their core activities and maximisation of the company's competencies. This ensures delivery of quality services, on-time delivery of products which results in customer satisfaction and improved value resulting in improved performance. In addition, the firm is also ISO certified to ensure compliance to international standards of doing business.

## 4.5 Discussion of Findings

### 4.5.1 Comparison of the study findings with the available theories

The study found out that the main reason of the organisation entering the foreign markets was to enable it to expand its operations in the international market, be more profitable through enjoying economies of scale and to diversify the firm's operation. This concurs with the theory of Absolute Advantage which proposes that specialisation based on absolute advantage enables countries to produce more in total and exchange surplus products for goods that are cheaper in price than they would if they were produced at home. This will enable them to have improved returns as compared to if they had only focused on the internal market segment

The study also found out that a positive influence is brought about by internationalisation. This relates with The Uppsala Model that holds that as a firm acquires the knowledge and experience about their internal market, it will at some point turn into external markets (Dima 2010). Hence those companies that are successful in the international market are hypothesized to be also successful in their home country, hence a positive correlation between the two.

### 4.5.2 Comparison of the study findings with other studies

The study also sought to establish the foreign market entry and operation strategy utilised by KenolKobil Limited. The interviewees stated main strategy utilised by KenolKobil Limited in foreign market entry to be wholly owned subsidiaries, with acquisitions and outsourcing being used as well but to low extents. Other strategies were also pointed out such as alliances, contracts, franchises, export and sequential market entry. This concurs with Meyer, Estrin, Bhaumik, &Peng, (2009) who established that the internationalisation strategies used by organisations in entering the international market include; exporting, joint venture, direct investments and franchising.

The study sought to establish the interviewees' opinion on the effect brought about by internationalisation. They all unanimously agreed that it has resulted in a significant positive impact on the performance. The positive influence of the internationalisation is brought about by widening the market of the group, higher sale volumes, higher market reach, increase in the storage capacities and experience of better profits margins. The internationalisation process was therefore stated to be advantageous in not only facilitating the company's internal growth, but also the external growth.

It was therefore hypothesized that foreign market entry was a very necessary management strategy to enable the firm to accomplish its set organizational goals. The positive impact is supported by Westhead (2009) who conducted a study aimed at determining internationalisation of new firms in Britain. The study found out that the companies practicing internationalisation performed better than those which did not.

The study is consistent with the empirical studies discussed here in that the companies embarking on foreign market entry follow a gradual process of marketing its products through market strategies such as licensing and exporting followed by operation strategies such as joint ventures. This relates to the study conducted byVahlne, (1977) Firms follow a gradual internationalisation process: the need to acquire knowledge about local demand and supply conditions leads them to serve a foreign market via exports before engaging in foreign direct entry.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION

## 5.1 Introduction

This chapter contains summary of the study, conclusion and recommendations and areas for further research. The data analysis, summary and conclusions were made based on the objective of the study which was to the internationalisation process and entry mode strategy used by KenolKobil in the international market.

## 5.2 Summary of Findings

### 5.2.1 To establish the internationalisation process at KenolKobil

The study sought out to determine the internationalisation process and entry mode strategy used by KenolKobil in the international market. In conducting the study, the study adopted a case study research design. The study found out that the company has been successful in entering several foreign markets. The study also found out that the main reason of the organisation entering the foreign markets was to enable it to expand its operations in the international market, be more profitable through enjoying economies of scale and to diversify the firm's operation. However, it was indicated that the foreign market entry was not an entirely smooth process as it was faced by a myriad of challenges. The main challenges were pointed out to be; legal challenges, political challenges, existence of regional trading blocs.

### 5.2.2 To establish strategies used by KenolKobil in the international market

The study also sought to establish the foreign market entry and operational strategy utilized by KenolKobil Limited. The interviewees stated that the main strategy utilised by KenolKobil Limited in foreign market entry was wholly owned subsidiaries, with acquisitions and outsourcing being used as well but to low extents. Other strategies were also pointed out such as alliances, contracts, franchises, export and sequential market entry. These strategies were essential in aligning the activities of the organization so as it may penetrate and thrive in the international market.

The study found out that it has resulted in a significant positive impact on the performance. The positive influence of internationalisation is brought about by widening the market of the group, higher sale volumes, higher market reach, increase in the storage capacities and experience of better profits margins. The internationalisation process was therefore stated to be advantageous in not only facilitating the company's internal growth, but also the external growth. It was therefore hypothesized that the foreign market entry was a very necessary management strategy to enable the firm to accomplish its set organisational goals.

### 5.3 Conclusion

Based on the study findings, the study makes several conclusions. To begin with, the study ascertained the presence of internationalisation strategy which has been utilized by KenolKobil in entering the international market. The study thus concludes that KenolKobil has not only been successful in thriving in the local market but in the international scene as well. The study also found that the main entry mode strategies used by the firm to be through acquisitions, wholly owned subsidiaries and outsourcing. These strategies have been successful in acting as guidelines through which the company entered and expanded its operations in other countries. In this regard, the study concludes that entry mode strategies are crucial in penetration and sustaining dominance in the international market which is highly competitive.

The study respondents also indicated that KenolKobil had successfully expanded its operation outside the country through the internationalisation process however it is yet to attain full market penetration in the foreign countries. The study therefore concludes that the internationalisation and entry mode of KenolKobil is yet to be fully effective which could be due to the challenges and constraints faced during the process. It is therefore imperative that the internationalisation process be highly prioritized during the formulation of the company's international plans and strategies for the desired outcomes to be attained.

The study further found out that the internationalisation of KenolKobil had a significant positive effect on its performance. The study thus concludes that the current high net profit and shareholders' value returns at KenolKobil Limited could be attributed greatly to the company's venture in the international market. The process is concluded to have increased the consumer base of the firm, asset value and corporate brand in general. This has seen the company yearn to expand even further to more countries in the Central, Southern and Rest parts of Africa, not excluding the rest of the world as indicated by the interviewees.

### 5.4 Recommendations

Based on the research findings, the study makes several recommendations. The study found out that adoption of internationalisation and entry mode strategies are essential for any company yearning to gain competitive advantage beyond the country's borders. The study therefore recommends that for any company undertaking the internationalisation process, not only KenolKobil Limited, to ensure that they have selected and implemented their entry mode strategies carefully. Without proper strategies, the company will be faced with challenges thriving in the other countries.

The study also established that there are barriers and challenges faced during the internationalisation process such as high taxations and non-conducive legal barriers. The study therefore recommends that that the management at KenolKobil to constantly conduct evaluations aimed at establishing the effectiveness of the entry mode strategies and any shortcomings that may arise. It will therefore create an avenue though which challenges are recognized and addressed.

The study also recommends that KenolKobil Limited should first clearly understand the motive and organization capability before adopting any internationalisation strategy. This is essential in establishing a basis to which the firm segments its products, services, and operations. Due to the international market being highly volatile and unpredictable, the adoption of appropriate strategies will ensure that the organization constantly remains profitable.

Government through the Export Promotion Council should also play a more active role in providing information on foreign market opportunities. The Government should also provide incentives to small firms wishing to engage in exporting and ultimately internationalise. Incentives should be targeted towards developing management capabilities, access to information, and facilitate participation in trade exhibitions. The study also recommends that governments should legislate supportive legal provisions that encourage fair business practices both locally and on the international platform as legal challenges present major barriers to internationalisation of firms.

The study further recommends that the government and other regulatory bodies formulate workable policies and frameworks pertaining to the internationalisation process. This will act greatly to foster and promote the extent and nature through which organizations undergo internationalisation. Moreover, favourable policies will go a long way in minimizing the challenges that are faced by firms operating in the international market such as high taxations, restrictions and legal barriers.

## 5.5 Limitations of the Study

The study due to it being a case study approach, it was limited only to KenolKobil limited. As such, this may not be an actual or exact representation of the phenomenon in other oil processing companies. The study was also limited in the data collection instruments used which was through key informant interviewees who were reluctant at first for confidentiality purposes. The interview method in data collection is mainly qualitative and the responses are thus based entirely on the opinions of the respondents and not necessarily the real situation.

The study was also posed with a limitation in getting the interviewees for the study who were mainly departmental heads in the company due to their busy and tight schedules. This affected the duration of the interview times and at times insufficient information being obtained. In addition, owing to the sensitive nature of study which was on the strategies of the company, so of the respondents were reluctant in participating in the study. This is because these matters on how the company is strategized are deemed private and may be used negatively by competitors. The researcher overcame this limitation through assuring the respondents that the study was purely academic, and participation was on voluntary basis.

## 5.6 Suggestions for Further Research

The study was able to fully accomplish its set objectives; however, certain areas arose during the study which prompts the need for further studies. To begin with, the research concentrated entirely to KenolKobil Limited as it was a case study approach. As such, the findings obtained may not be an actual replication of the phenomenon in other organisations. The study therefore suggests that further studies to be undertaken in other companies to establish whether similar situation prevails. This will enable comparison of the findings.

The study also recommends that further research to be conducted on a larger population sample as compared to the few respondents of the study. Through this, a broader perspective of the internationalisation process in organisations will be well pointed out. Other data collections methods such as questionnaires and focus group discussions can also be used to enable triangulation of the results. The study further suggests future studies to be undertaken focusing on the challenges experienced by companies during internationalisation.

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## APPENDIX

### Appendix I: Interview Guide

1. What is your position at KenolKobil Kenya?
2. Which countries has your organisation extended its operations to?
3. What was the motivation for KenolKobil internationalising?
4. Please describe some of the challenges KenolKobil encountered in the process of venturing outside Kenya
5. What strategy did KenolKobil employing internationalisation?
6. How long did it take the organisation to fully implement the internationalisation process?
7. How has your corporate culture effected or affected your internationalisation process?
8. With the discovery of oil in Kenya, how will operations at KenolKobilbe affected?