

**FACTORS AFFECTING PERFORMANCE OF CHINESE FIRMS IN
AVIATION INDUSTRY IN KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER, 2012

DECLARATION

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

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D61/7667/2006

This research project has been submitted for examination with my permission as superior.

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ACKNOWLEDGEMENTS

From the formative stages to the final draft of this Master of Business Administration project, I owe an immense debt of gratitude to my supervisor, Dr. John Yabs for his invaluable support towards this project. His constructive criticism, careful guidance and patience enabled me to complete the project in time.

I would also like to thank those who agreed to fill the questionnaires for without your time and cooperation, this project would not have been possible. A special thanks goes to the proposal presentation panel and colleagues who were present during the presentation of this project proposal.

Finally, but most importantly, I sincerely thank our Almighty God for giving me the strength and providing means to undertake this study. To each of the above, I extend my deepest appreciation

DEDICATION

I dedicate this research project to my loving husband Teddy Mwaura who has been a great source of inspiration and joy in my daily endeavors to better my best.

To my family members who offered me unconditional love and support throughout the course of this project.

ABSTRACT

The aim of the study was to examine the factors affecting performance of Chinese firms in aviation industry in Kenya. Performance is the record of outcomes achieved, while satisfaction is being because something is good enough.

The study adopted descriptive research design. The population of this study was the employees in five selected Chinese firms in aviation industry in Kenya. Currently, there are 159 employees. Data was collected using 81 questionnaires method and from the trading records and the current market environment. The linear regression model was applied to analyze the data. Linear Regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. This research studied broadly four factors that include investment climate, cost factors, government policies and legislation and market factors as independent variables on how they affect performance of international companies in Kenya.

The findings showed that the political environment, the economic circumstance, the technique, the product quality, prices and the services after sale are the key factors affecting performance of Chinese firms in aviation industry in Kenya as shown by the significant levels since P value =0.001 is less than the significant value of 0.005. Chinese firms deliver better and more service and products to Kenya Market, and therefore the relationship will grow stronger by enhancing the cooperation between these two countries. The study recommends that more studies should be done to study factors affecting the performance of international firm in Kenya. The researcher recommends

that the government should provide a sound legal framework for the international firm and government. Secondly, the researcher recommends that the government sets up an institute whose mission would be to guide, control and supervise international firm doing business in Kenya.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

It is very natural that every business in the world wants to grow rapidly with minimal cost of producing product and services. Quality can be achieved at minimum cost by adopting the latest trends prevailing in the business world. Embedding cost measures such as outsourcing work can be one of the cheapest modes to save money as well as time. international business consist of large number of big companies as well as short and medium scale industries which all needs to grow fast at minimal cost. According to Johnson and Scholes (2002), operational performance is concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources.

According to Hill and Jones (1999), the focus strategy concentrates on serving particular market niche, which can be defined geographically, by type of customer or by segment of the product line. The company has enormous opportunity to develop its own niche and compete against low-cost and differentiated enterprises which tend to be larger. It differs from corporate strategy in that whereas corporate strategy involves decisions about the entire organization, strategic decision under the business units are basically concerned with how customers' or clients' needs can best be met.

1.1.1 International Business Concept

The guiding principles of a firm engaged in (or commencing) international business environment incorporate a global perspective. A firm's guiding principles can be defined in terms of three broad categories products offered/market served, capabilities, and results. However, their perspective of the international business is critical to understand the full meaning of international business. That is, the firm's senior management should explicitly define the firm's guiding principles in terms of an international mandate rather than allow the firm's guiding principles in terms as an incidental adjunct to its domestic activities. Incorporating an international outlook into the firm's basic statement of purpose will help focus the attention of managers.

International business refers to all those business activities which involves across the border transactions of goods, services and resources between two or more nations. For the business to survive, they have to perform their core business. According to Robbins *et. al.* (2001), performance is the accumulated end-result of the organizations work processes and activities and is the end result of any activity and that every firm seeks to achieve high levels of performance no matter what the mission, strategies or goals it is pursuing.

The business environment is very dynamic and keeps on presenting both opportunities and challenges to the organizations that operates in it. Factors that influence the business environment include the government, social-economic dynamics and globalization; Organizations must survive by analyzing the environmental dynamics, identify the opportunities and respond in a way that seizes these opportunities to ensure survival and

growth. A new age paradigm is emerging in the business environment where governments are expected to do less; that they should reduce their responsibilities, privatize public services where practicable and reform their own operations (Self, 2005).

What has been driving this change is the question as to why some nations are seen to be more prosperous than others. (Porter 2000). This question is being asked by almost all nations. According to Porter a better question would be “Why does a nation become the home base for so many of an industry’s world leaders”? While struggling to answer the question governments try to encourage investments in their countries to meet high productivity level that would guarantee improved living standards. It is the decisive characteristics of a nation that would allow its firms to create and sustain competitive advantage in a particular field. Although strategies may be focused on a given function, as often as not they embrace two or more functions and require close co-operation among functions to attain companywide efficiency, quality innovation, and customer responsiveness goals.

Performance of organization dependent on the fit between organization and its external environment, the appearances of novel opportunities and threats in the external environment, in other words, the change of external environment, require organization to adapt to the external environments again. As a result, organizations would change their strategy in response to the environmental changes (Chow et al., 2008). Both business managers and accountants are keenly aware of the important role performance measurement plays in an organization’s planning and control system. Reporting on firms’ past performance is one of the fundamental uses of performance measurement system.

1.1.2 Aviation Industry in Kenya

Kenya Aviation Groups principal activities include the international, regional and domestic carriage of passengers and cargo by air, the provision of ground handling services to other airlines and the handling of import and export cargo. The entire airline industry is essentially cyclical in nature and is therefore easily affected by any form of economic uncertainty which has caused a deep crisis of confidence in Airline stocks worldwide. Further questions arise in whether governments will take the forefront in opening markets to free competition by removing ownership controls thus allowing a market oriented industry to emerge at the cost of exposing their national airlines to increased market risks.

An increasing number of Chinese aviation industry investors are seeking deals in Kenya as the pace of company-to-government and company-to-company cooperation between the two countries gathers pace. Kenya is open to continuing development of relations between the aviation industries of the China and Kenya in line with the growing economic and diplomatic relations. As a state authorized dealer of aviation products, Chinese aviation firms has exported fighters, trainers, bombers, helicopters, transporters, general aviation aircraft and associated airborne equipment and ground support equipment as well as various components and spare parts. At present, over a thousand Chinese-made aircraft are flying over the sky in more than 30 countries. Chinese aviation firms have invested and developed some high-performance aircraft such as K-8 trainer, JF-17 fighter and EC-120 helicopter. As a world-recognized aviation parts and components contractor, Chinese aviation firms has subcontracted a large number of parts

and components of aircraft, engines and airborne equipment for the world famous aviation manufacturers such as Boeing, Airbus, GE, Rolls Royce, Pratt & Whitney, SNECMA, Honeywell and Rockwell Collins.

1.2 Research Problem

Over the years there has been a bridging gap between Kenya and some of the global countries for instance China. This has subsequently led to the need for bridging the gap. Global formations continue to face many challenges in the international markets as environmental concerns increasingly continue to dictate performance of business organizations (Thompson and Frank, 2005). According to Montana and Charnov (2000), the external forces that affect the functions of a business include sociological, political, economic and technological. The sociological element includes the demographic status and trends, work ethics and personal values, and general cultures. The social environment presented by each country is unique and as the business becomes international, managements ought to understand these unique environments. This understanding assists the management to plan for the future and design products for particular groups of people. The economic and political environment includes all the essential factors such as competitors, suppliers and customers in an open model of business and every management must study the economy and political environment for a continual and dynamic relationship. The technological environment has the most dramatic effect on business as changes in this external environment are often quickly felt by firm. As the market can change overnight the management should be in a position to make decisions

that will put the company in a flexible position to adapt with the technological changes (Karger, 2005).

Internal factors on the other hand consist of the organizational resources available to accomplish its goals. These are human technological, financial and physical resources. The task of management is to acquire these resources and make efficient and effective use of them within an organization. In this task the management of each business is in competition with all other businesses in the life. Organizational resources are therefore scarce and management success depends on how well these resources are both acquired and used (Montana and Charnove 2000). In an in-depth analysis of factors affecting performance of Chinese firms in aviation industry in Kenya

The first factor is globalization and the investment climate covering the economic environment tends to bring a close interaction of people between different parts of the world with increasing possibilities of personal exchange, mutual understanding and friendship. Indeed, the performance of international corporations does not depend on the available investment opportunities but on the climate and the conditions under which such investments are made. Government legislation and policies on taxation, licensing is the second aspect and refers to the applied techniques which make operations easier. Innovation involves research and development efforts to create a new technology. Diversity is the difference among people and cultures. The final factor is the costs element of the investment. In many countries including Kenya, the costs of investment and conducting businesses are quite high making the companies shy off as it will take long before they recover their investment and break even. The study will answer the

question; what are the factors affecting performance of Chinese firms in aviation industry in Kenya?

1.3 Research Objective

To examine the factors affecting performance of Chinese firms in aviation industry in Kenya

1.4 Value of the Study

The findings of this study are expected to produce the following benefits: The research shall identify the factors affecting the performance of Chinese aviation firm trading in Kenya, a Chinese firm trading in Kenya. The research shall also evaluate and be able to indicate the efficiency measure of performance of Chinese aviation firm trading in Kenya. This research shall help Chinese aviation firm trading in Kenya to take necessary measures against those determinants having significant effect on its performance, in a way that will create vibrant business environment in Kenyan so to attract other foreign investors. Partly, this paper will remain a source of reference for future academic researchers and for policy makers, to gain understanding of the business environment in Kenya.

The government agencies will make use of this study, since it will provide useful knowledge in formulation of policies and a regulatory framework for running campaigns advocating factors affecting the performance of Chinese firms trading in Kenya. Researchers and scholars can use this information to add to their understanding factors affecting the performance of Chinese aviation firm trading in Kenya and provide foundation and material for further related research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review on the factors affecting the performance of Chinese aviation firm trading in Kenya. This is presented in form of theoretical review, empiricism and later as conceptual framework.

2.2 Performance of International firm

Performance measurement is an essential component of whatever change process is adopted. It can give feedback on the effectiveness of the plans and their implementation (Chow et al., 2008). Both business managers and accountants are keenly aware of the important role performance measurement plays in an organization's planning and control system. Reporting on firms' past performance is one of the fundamental uses of performance measurement system. Traditionally, the focus of performance measurement has been on financial measures such as sales growth, profits, return on investments and cash flows. There is, however, increasing concern among business managers on the over-reliance of financial measures in performance evaluation.

In a survey on the quality, uses and perceived importance of various financial and non-financial measures, Lingle and Schiemann (2006) report wider disparities between the perceived quality and importance of non-financial measures as compared to financial measures. Perceived inadequacies in a traditional performance measurement system that focuses on financial measures have led many organizations to switch to and put greater emphasis on forward-looking non-financial measures such as customer satisfaction, employee learning and innovation (Ittner and Larcker, 2008).

Despite the growing interest in incorporating non-financial measures in an organization's performance measurement system, it is important to note that performance measurement and performance management are not the same. Each segment in a large organization may develop highly specific performance measurement information for its own operations and this will allow that segment to operate effectively. However, while each manager strives to optimize the performance of his division, the overall performance of the organization may be sub-optimized (Missroon, 2000). Only a performance management system engenders strategic evolution and ensures goal congruence. As the balanced scorecard provides a comprehensive, top-down view of organizational performance with a strong focus on vision and strategy, performance management can be greatly facilitated through its use (Missroon, 2000).

2.3 Factors Affecting Performance of International Firms

The following factors affect the performance of international firms which are; market factors, investments climate factors, Government and cost factors.

2.3.1 Market Factors

New investment is associated with market size, while expansionary investment is responsive to market growth. Companies conducting foreign direct investment are influenced by the availability of resources, in particular labor and raw materials. Population density and unemployment rates are two examples of labor related factors, while the standard and amount of local suppliers are raw material related factors, while the standard and amount of local suppliers are raw material related factors. However, the importance of availability of raw materials has recently showed to have less impact since

raw materials are already often sourced on a global basis. Concerning the human resources the single most important factor is to what the education of the workforce are comparable to the needs of the specific company.

There is abundant empirical support for the claim that export orientation attracts foreign direct investment (Lucas, 2003; Jun and Singh, 1996) cited by Dunning (2003). Most of the empirical evidence of the attractiveness of export markets to FDI is indirect. The importance of export markets is implicit in the observation that foreign direct investment grew steadily in Europe after the announcement of the creation of the EEC, in the 1950s, and that of the 1992 internal market. The same can be concluded from the findings of Root and Ahmed (2003) that economic integration is a significant variable among developing countries. More direct approaches were used by O'Sullivan P. (2001). Based on his model, the fact that in the period studied (1960-80) foreign investors in Ireland exported over 80 percent of their non-food output. Since the United Kingdom was the destiny of a big percentage of these exports, export markets were proxy by the UK's real GDP (Schneider & Frey 2001).

The marketing factors considered include the size of market, the growth of such markets, the desire to maintain share of market, the desire to advance exports of parent company, the need to maintain close customer contact, the dissatisfaction with existing market arrangements as well as the export base (Schneider & Frey 2001). The marketing objectives, the shareholders pressure for increased profits, and corporate desire for increased growth are major reasons for companies conducting foreign direct investment. In today's competitive global environment companies are forced to seek wider market

access in order to maintain and increase their sales. The quickest way to extend the company's activities internationally is to acquire a foreign firm. Conducting a foreign direct investment as a way of entering a new market provides the company with better intelligence about the political climate and easier access to opinion makers, as well as other decision makers (Robinson, 1961).

Another group of incentives for conducting foreign direct investment is to avoid current barriers to trade like duties, tariffs, import quotas, preferences of local customers for local products and other trade restrictions. In addition to these trade restrictions and cultural barriers, companies sometimes are forced to establish a plant or facility in a foreign country due to the country of origin effect. The country-of-origin-effect means that a country has a built-in positive stereotype for production location and product quality.

Access to technology is considered to be one of the most important factors concerning investment location, and especially the ownership level of the investing company in today's globalize markets (Robinson, 1961). It is important to note that high levels of research and development expenditures are not necessarily connected to a high level of technological advancement.

Factors like proximity and access to a free trade area, the size of the foreign market and its growth potential are regarded as key factors according to Gilmore et al (2003), Regarding the free trade area one should keep in mind that the size and growth of that particular free trade area may be more important than the size and growth of the particular country in which the company is about to invest.

If the government of the host country actively works to attract foreign direct investment, then that country will be more attractive compared to a system with government bodies forcing the foreign investors to undertake lengthy, bureaucratic processes before the investments are approved. Examples of incentives are; generous tax incentives, worker-training support packages, good transport facilities and well developed telecommunications. However, Gilmore et al. (2003) argue that, based on earlier research studies, financial incentives have relatively little impact on the choice of location.

2.3.2 Investment Climate

The climate of any investment would cover the general attitude toward foreign investment, the political stability or otherwise, limitation on ownership, currency exchange regulations as well as the stability of the exchange rate, the tax reprieves given the host country, as well as the familiarity of the country by the investor.

Once a company has made the decision to expand internationally, the investment climate plays a major role. A company will be reluctant to invest in a country with low economic growth, political instability and major limitations in ownership (Robinson, 1961). On the other hand, a company will be positive towards investing in a country with a positive general attitude toward foreign investments, a stable exchange rate and where the culture is similar with the culture in the home country.

Owen (2004) found a dummy variable representing natural resources intensity a significant determinant of foreign direct investment in Canada. This is consistent with the results of Buckley and Dunning (2001) who found a similar variable not significant for the UK. The study revealed the determinants of US investment in two sets of developed

and developing countries and found the percentage of primary commodity exports in total incentives less successful than export processing zones. Tsai (2005) and O'Sullivan (2001) claimed that government support was not a significant determinant of foreign direct investment in Taiwan and Ireland, respectively, in spite of massive programs to attract foreign direct investment.

The development of the internationalization was essentially inductive. Its development was based on evidence from small samples of Scandinavian firms. Grosse and Trevino (1996) identified an association between physical and cultural distance and investment in the US. Veugelers (2005) concluded that a shared language and neighborhood increase foreign direct investment. Papanastassiou and Pearce (2000) found dummy variables for EC and Commonwealth countries positively related to UK investment but a negative association with physical distance.

Some econometric studies frequently fail to establish a relationship between political risk and foreign direct investment flows. Schneider and Frey (2001) found political aid received from Western countries and the World Bank to have a strong positive effect on foreign direct investment in developing countries, while aid received from the Communist block had a negative impact. Political instability had, nevertheless, a significant negative impact.

Inflation, tax rates and the tax structure of the host country are examples of economical policy factors and these examples are also key investment considerations. Several studies have shown that the rate of corporate taxation has a negative effect on investment decisions, meaning that the higher corporate taxes the fewer investments are conducted.

The cost for entering a market, which is similar in culture to the home market, is smaller compared to entering a market with few cultural similarities. However, there is a disagreement among researchers about the extent to which companies prefer to invest in markets exhibiting near and similar cultures (Robinson, 1961). Nevertheless, most companies tend to successively enter markets at an increasingly cultural distance from the home country.

2.2.3 Government Policies

Foreign direct investment can be encouraged by barriers to trade (Lunn, 2002; Scaperlanda and Balough, 2002). Market imperfections and ‘relative discrimination’ between foreign and domestic firms vary widely across industries and countries, making the results particularly sensitive to sample and methodology. Furthermore, protectionism often coexists with export orientation. Protected economies can attract export-oriented foreign direct investment by opening selected industries to foreign direct investment or by creating export processing zones. In any case, barriers to trade tend to be significant only when market seeking is the main motivation of foreign direct investment. When that is not the case, protectionism becomes less important. Kumar (2000) concluded that protection was not a determinant of investment in India. Dunning (2003) mentions that Agodo (2003) obtained the same result for US investment in Africa.

A great concern for companies conducting foreign direct investment is that host government will “change the rules of the game” within the industry where the company is active. Therefore, a climate with political stability is very attractive for companies active on the global market.

Government incentives are a determinant of foreign direct investment frequently cited in surveys (Robinson, 1961; Andrews, 2003; all cited in Dunning, 2003a). However, it was the opinion of UNCTAD (2005: 104) that incentives are not a relevant determinant of inward foreign direct investment. They are much more likely to influence the precise choice of location within a country or region once the investment decision has actually been made. Government incentives are difficult to quantify. Kumar (2004) found incentives less successful than export processing zones. Tsai (2005) claimed that government support was not a significant determinant of foreign direct investment in Taiwan and Ireland, respectively, inspite of massive programs to attract foreign direct investment.

2.2.4 Cost Factors

For a firm to stay competitive is has to be aware of the cost structure. It is difficult for a company to compete on market if its costs are substantially higher than those of the competitors. Therefore, many companies conduct foreign direct investment to increase the availability of labor, raw materials or capital and technology. Another way of cutting costs is to enter a foreign market that presents the company to lower labor, transport, and other production cost. Except from these factors, companies also conduct foreign direct investment due to more favorable cost levels in as specific country, or because a certain government in a country can offer them financial or other inducements. The costs include the desire to be near source of supply, the availability of labor, the a availability of raw materials, availability of capital/technology, labor costs, production costs other than

labor, transport costs, financial (and other) inducements by government and more so more favorable cost levels

In the case of investment among developed countries labor costs were normally found to be irrelevant. Some examples are Buckley and Dunning (2001), Owen (2004), Gupta (2002), Dunning (1980), Culem (2004). The studies found wages a significant determinant of US investment in Canada. When developing countries were included in the sample, the relevance of labor costs tended to increase. This was the case with Schneider and Frey (2001), despite wages being less important than the level of development or the balance of payments, Kumar (2004). Neither of the studies found labor costs to have a significant impact on the location of US subsidiaries in samples that included both developed and developing countries. The study suggested that, as the national income increases, market size offsets the importance of labor costs as a location factor -the loss of one location advantage is compensated by improvements in the other, which invalidates the regression analysis.

Schneider and Frey (2001) used the percentage of population in secondary education, but found no evidence of its significance. This variable is, however, too aggregated and is probably no more than an indicator of the level of development. In fact, school attendance is unlikely to be the relevant element. March, 2004 extracted a sample of 200 British men from the General Household Survey of which 41 per cent had no qualifications and a further 10 per cent had only an apprenticeship. However, only 3.5 per cent were classified as unskilled manual workers.

Transport and raw materials are key cost factors that companies take into consideration when conducting a foreign direct investment. However, the cost of labor has been more extensively explored in the foreign direct investment literature and the research has produced mixed feelings. Dunning (1980), for example, has conducted research showing that higher wages reflect a more productive workforce and associated with increased foreign investments. At the same time, other researchers have come to the conclusion showing the reverse effect, meaning that high salaries have a negative impact on the flow of FDI (Gilmore et al., 2003).

This suggests that even in the presence of low levels of formal education, the existence of an industrial tradition, for example, may lead to reasonable productivity levels with low training costs. Most support for the relevance of labor skills is, in fact, indirect. Swedenborg (2004) was surprised by a positive relationship between the wages of foreign Swedish subsidiaries and foreign direct investment. Her suggestion was that high wages simply reflected the skills of foreign worker (Dunning, 2003a: 164). Lall (1980a) made a very similar interpretation of their results regarding labor costs.

2.4 Theoretical review

The description of the theoretical models starts by examining the investment decisions taken by private investors. Although several models are described, a choice of the model that best fits the investment decision of an individual investor will be made. First, this study provides an explanation of the factors involved in making an investment decision, followed by an outline of the different players in the property market. This subchapter also considers portfolio theory which presents an explanation of the risk return rate.

The agency relationship is seen as a contractual link between the shareholders (the principals) that provide capital to the company and the management (agent) who runs the company (Shankman, 1999). The principals engage the agent to perform some services on their behalf and would normally delegate some decision-making authority. However, as the number of shareholders and the complexity of operations grew, management, who had the expertise and essential knowledge to operate the company, increasingly gained effective control and put them in a position where they were prone to pursue their own interests (Mizruchi, 2002).

The literature on agency theory addresses three types of problems that could transpire from the separation of ownership and management, which might consequently affect firm value (Byrd et al, 2005). They are the effort problem, the assets' use problem and differential risk preferences problem. The effort problem concerns whether or not managers apply proper effort in managing corporations so as to maximize shareholders' wealth (Jensen and Meckling, 2001). Problems arise because principals are not able to determine if the managers are performing their work appropriately. Managers may not exert the same high effort levels required for firm value maximization as they would if they owned the firm.

The use of assets problem concerned the insiders who control corporate assets (Jensen, 1986). They might abuse these assets for purposes that are harmful to the interests of shareholders such as diverting corporate assets, claiming excessive salaries and manipulating transfer prices of assets with other entities they control (Shleifer and

Vishny, 1997). The differential risk preferences problem arises because the principal and managers have different views on risk taking (Arnold and de Lange, 2004).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, population of study, sample and sampling techniques, data collection methods and comes to a conclusion with the data analysis and data presentation methods that were used in this study. The chapter ends with a summary that reviews the areas that have been discussed.

3.2 Research Design

The research design employed in this study was both cross sectional and descriptive survey method. These methods are preferred because it allows for prudent comparison of the research findings. The qualitative design chosen for this research is theory grounded, or natural inquiry. This design represents theory that unfolds from the emerging data rather than theory based on a prior hypothesis. Grounded theory research unfolds and emerges empirically from the data and is more responsive to contextual values rather than researcher values.

3.3 Target Population

The target population of this study was all the employees of five Chinese aviation firms in Kenya (see in appendix II). Currently, there are 159 employees in Nairobi spread out in the National Youth Service (NYS), Jomo Kenyatta International Airport (JKIA). The distribution of the employees is as listed in the table below.

Table 3.1: Target Population

Category	Population size	Percentage (%)	Sample size
Top level Managers	9	50/100*9	5
Human resource	19	50/100*40	12
Administration Department	27	30/100*110	33
Operations Department	44	30/100*130	39
Finance department	35	30/100*180	52
Marketing representatives	25	30/100*160	48
TOTAL	159	100	156

Source: (2012)

3.4 Sampling and sampling design

A well-developed sampling design plays a critical role in ensuring that data is sufficient to draw the conclusions needed. A sound, socially or scientific based decision must be based on accurate information. To generating accurate information about factors affecting performance of Chinese firms in aviation industry in Kenya. I will consider the appropriateness and accuracy of the sample collection the handling method and the representatives of the data with respect to the objective of the study.

The researcher used stratified random sampling technique to select a sample size of 81 employees from the population of 159 employees in Nairobi. All the respondents were drawn from all departments.

Table 3.2: Sampling Design

Category	Population size	Percentage (%)	Sample size
Top level Managers	9	50/100*9	5
Human resource	19	50/100*19	10
Administration Department	27	50/100*27	14
Operations Department	44	50/100*44	22
Finance department	34	50/100*35	17
Marketing representatives	26	50/100*25	13
TOTAL	159		81

Source: (2012)

3.5 Data Collection

Primary data collection method was used. Data was collected via the use of questionnaires as an interview guide. A structured questionnaire was administered; the questions were in close and open-ended format and were based on the research objectives. The questionnaire consists of two parts A and B. Part A captured the biographical data Part two addressed factors affecting performance of Chinese firms in aviation industry in Kenya.

The drop and pick method was used to collect data. The structured questions were used in an effort to conserve time and money as well as to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information.

3.6 Data Analysis

Data was analyzed using descriptive statistics such as frequency distribution means standard deviations and percentages which are a vital part of making sense of the data. Quantitative method of data analysis was used. Data was coded and thereafter analyzed using Statistical Package for Social Sciences (SPSS) program and presented using tables and pie charts to give a clear picture of the research findings at a glance. Results were presented in tables and charts. The data was analysed by use of descriptive statistics, inferential statistics correlation and multiple regression.

The model specification is as follows

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon.$$

Where;

Y= Organisation Performance

X1= Market factors

X2= Investment factors

X3= Government policies

X4= Cost factors

ε = error term

β =coefficient

α = constant

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

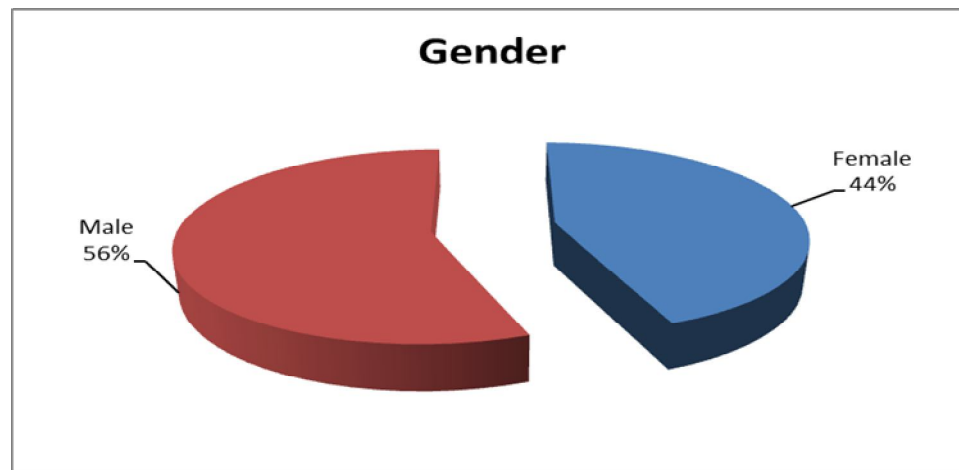
4.1 Introduction

This chapter provides an analysis of data collected from the field. The results are presented in tables to highlight the major findings. They are also presented sequentially according to the research questions of the study. Mean scores and standard deviations ANOVA and regression analysis was used to analyze the data collected. The raw data was coded, evaluated and tabulated to depict clearly the results of the problem encountered in performance of firms.

The research was conducted on a sample of 81 respondents from the selected firms to which questionnaires were administered. The study targeted on Top level Managers, Human resource, Administration Department, Operations Department, Finance Department and finally on Marketing representatives. However, only 72 questionnaires were returned duly filled in making a response rate of 90%, which is an adequate response rate for statistical reporting. Mugenda and Mugenda (1999) stated that a response rate of 50% and above is a good response rate. This commendable response rate was made possible after the researcher personally administered the questionnaires and made further visits to remind the respondents to fill-in the questionnaires. This study made use of frequencies (absolute and relative) on single response questions. On multiple response questions, the study used Likert scale in collecting and analyzing the data whereby a scale of 5 points were used in computing the means and standard deviations. These were then presented in tables, graphs and charts as appropriate with explanations being given in prose.

4.2 Demographic Findings

Figure 4.1: Distribution of Gender



Source: Survey Data (2012)

The respondents were asked to show their gender, this was expected to guide the researcher on the conclusions regarding the degree of congruence of responses with the gender characteristics on factors affecting performance of Chinese international firms in Kenya, The results as in the figure 4.1 show that majority of the respondent were male at 56% while female was 44% implying that most of the workers for Chinese firms in aviation industry in Kenya were male.

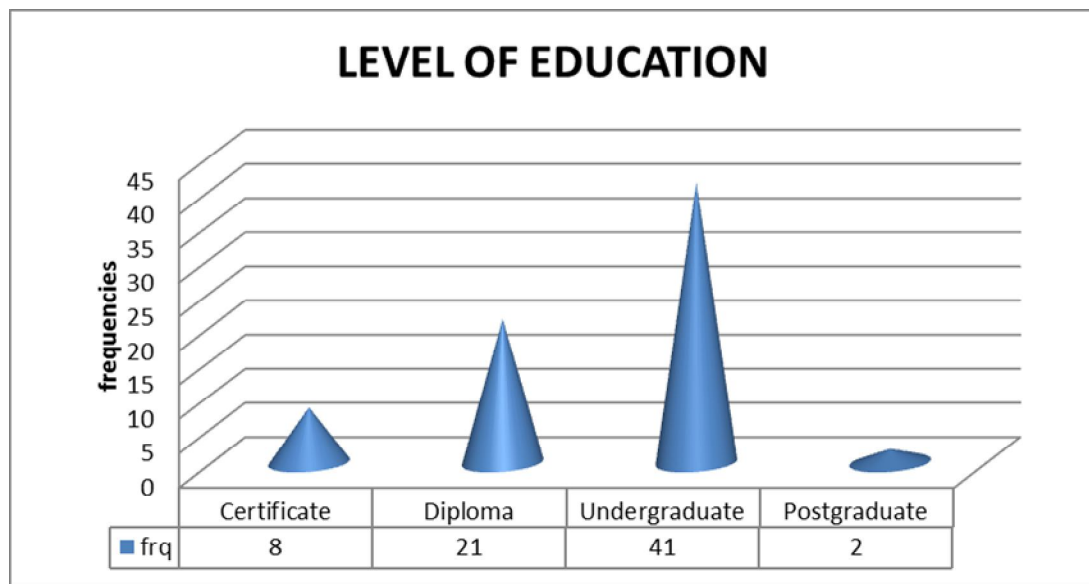
Table 4.1: Distribution of Age Group

	Frequency	Percent	Cumulative Percent
Valid 60 Yrs>	14	19.6	19.6
50-59	13	18.6	38.2
40-49	18	24.5	62.7
30-39	19	25.5	88.2
25-29	8	11.8	100.0
Total	72	100.0	

Source: Survey Data (2012)

The results presented in Table 4.1 show that a large proportion of 25.5% the respondents were aged from the ages of 30 to 39 years; this was followed by a significant percentage 24.5% that had also attained ages from 40 to 49 years, while 19.6%, 18.6% and 11.8% are for above 60 years, 50-59 years and 25-29 years respectively. The age composition shows that most of the respondents were of the 30 to 39 years and therefore had rich experiences, could also appreciate the importance of the study, while those below the age of 30 were not conversant enough with factors affecting performance of Chinese firms in aviation industry in Kenya due to lack of experience.

Figure 4.2: Level of Education of the Respondents



Source: Survey Data (2012)

From the table, 56.9% of the respondents said they had undergraduate degree. 2.8% had postgraduate degree, 29.2% said that they had they were diploma holders while 11.1% said that they were certificate holders. These findings indicate that majority of the staff in the firm, have undergraduate degree.

Table 4.2: Length of Service in the Current Job

	Frequency	Percent	Valid Percent	Cumulative Percent
3yrs and below	5	6.9	6.9	6.9
3 to 5 years	11	15.3	15.3	22.2
5 to 7 years	44	61.1	61.1	83.3
Over 7 years	12	16.7	16.7	100.0
Total	72	100.0	100.0	

Source: Survey Data (2012)

Table 4.2 presents the findings on the duration of respondents work in the present capacity. From the figure, 61.1% indicated that they had been in the present company for 5-7 years. 16.7% indicated a period of over 7 years. 15.3% indicated a period of 3-5 years while 6.9% indicated a period of less than 3 years. These findings indicated that majority of the staff at Chinese firms in aviation industry in Kenya, have worked at their present company for a period of 5-7 years.

Table 4.3: Career in Industry

	Frequency	Percent	Valid Percent	Cumulative Percent
1-3 yrs	2	2.8	2.8	2.8
3-5 yrs	8	11.1	11.1	13.9
6 -15yrs	49	68.1	68.1	81.9
Over 15yrs	13	18.1	18.1	100.0
Total	72	100.0	100.0	

Source: Survey Data (2012)

Table 4.3 above presents the findings on the duration of the respondent's working in the organization. From the figure, 68.1% said that they had worked for the organization for a period of 6-15 years. 18.1% of the respondents said that they had worked for a period of over 15 years. A percentage of 11.1% also said that they had worked for the organization for a period of 3-5 years and 2.8%, 1-2 had worked for between 1 and 3 yrs. These findings indicate that majority of the staff at international firms; have worked for a period of 6-15 years.

4.3 Reliability and Validity of data

Table 4.4: Reliability Statistics

Measurement Scale	Number of Items	Cronbach's Alpha (α)
Performance	5	0.731
Market factors	5	0.757
Investment climate	5	0.751
Government policies	5	0.730
Cost factors	5	0.737

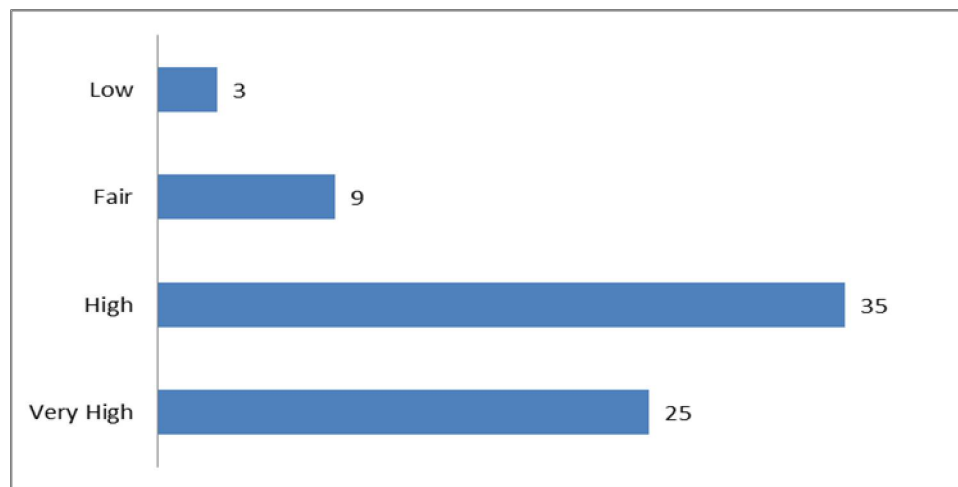
Source: Survey Data (2012)

Reliability is a fundamental issue in any measurement scale. Scale reliability is considered as the proportion of variance attributed to the true score of the latent construct. Considering the small number of items used to measure each of the 5 values and their necessary heterogeneity, even reliabilities of 0.5 are reasonable. It is usually measured by internal consistency reliability that indicates the homogeneity of items comprising a measurement scale. Internal consistency gives the extent at which items in a

model are inter-correlated. Thus, high inter-item correlations explain that the items of a scale have a strong relationship to the latent construct and are possibly measuring the same thing. Usually, the internal consistency of a measurement scale is assessed by using Cronbach's coefficient alpha. It is generally recommended that if a measurement scale having a Cronbach's coefficient above 0.70 is acceptable as an internally consistent scale so that further analysis can be possible. Thus measuring Performance against Market factors, Investment climate, Government policies and Cost factors was reliable and valid Since alpha value is above 0.731, the study instruments yielded fairly reliable data for this research.

4.4 Firm Performance

Figure 4.3: Distribution of company performance



Source: Survey Data (2012)

From the results from table 4.3, shows that respondents acknowledge high performance in year 2011 with 35 respondent while 25, 9 and 3 respondents indicated very high, fair

and low respectfully. On average international firms are performing well on the Kenyan environment.

Table 4.5: Distribution of Performance Measurement

	N	Min	Max	Mean	Std. Dev.
Innovation and change	72	1	5	3.11338	.47485
Employee performance	72	2	5	4.0368	.72874
Customer satisfaction	72	2	5	3.7444	.98818
Operating efficiency	72	2	5	3.489	.58506
Financial performance	72	1	5	4.6442	.72874
Valid N (listwise)	72				

Source: Survey Data (2012)

The results of descriptive statistical analysis for the performance measurement are presented in table 4.5. This measurement scale consisted of 5 items reflecting the performance measurement, financial performance, employee performance, operating efficiency, customer satisfaction innovation and change. Respondents were asked to provide answers on each item that was measured by a five point Likert scale ranging from 1 (very low) to 5 (very high). From the table mean and standard deviation were used to test respondent ideas where Standard deviation is the square root of the variance. It measures the spread of a set of observations. The larger the standard deviation is, the more spread out the observations are while mean is the arithmetic mean across the observations. It is the most widely used measure of central tendency. It is commonly called the average. The mean is sensitive to extremely large or small values. From the table Financial performance has the (mean=4.6442 and STD DEV= 0.72874) while the

least indicated was Innovation and change has the (mean=3.11338 and STD DEV=0.47485).

Table 4.6 Value, Quality and use of Performance Measures

	N	Min	Max	Mean	Std. Dev.
Information is highly valued	72	2	5	3.7250	.90547
Willing to bet job on quality of the information	72	1	5	3.9500	.81492
Measures are reported for external users	72	1	5	3.9750	.80024
Measures are used for regular management	72	1	5	2.8250	1.21713
Measures are used for resource allocation	72	1	5	3.6500	1.00128
Measures are used to drive organisation change	72	1	5	3.9000	.90014
Measures are linked to compensation	72	1	5	3.2250	.97369
Valid N (listwise)	72				

Source: Survey Data (2012)

The results of descriptive statistical analysis for Value, Quality and use of Performance Measures are presented in table 4.6. This measurement scale consisted of 7 items reflecting the Willing to bet job on quality of the information, Information is highly valued, Measures are reported for external users, Measures are used for regular management, Measures are used for resource allocation, Measures are linked to compensation, Measures are used to drive organization change. Respondents were asked to provide answers on each item that was measured by a five point Likert scale ranging from 1 (very low) to 5 (very high). From the table mean and standard deviation were used to test respondent ideas where Standard deviation is the square root of the variance. It measures the spread of a set of observations. The larger the standard deviation is, the more spread out the observations are while mean is the arithmetic mean across the

observations. It is the most widely used measure of central tendency. It is commonly called the average. The mean is sensitive to extremely large or small values. From the table Financial performance has the (mean=3.225 and STD DEV= 97369), while the least indicated was Innovation and change has the (mean=3.725 and STD DEV= 90547)

4.5 Market Factors

Table 4.7 Distribution of Market Factors

	N	Min.	Max.	Mean	Std. Dvn
There is small market size	72	1	5	3.7500	.31966
The marker growth rate is slow	72	1	5	3.9000	.83972
Kenya is location	72	1	5	3.9750	.67178
Inflation is high	72	1	5	3.3000	.65974
The exchange rate for imported product is not favorite	72	1	5	3.4000	.91147
Communication and culture does not favor business	72	1	5	3.2250	.92819
Physical infrastructure is good in terms of roads and other related issue	72	1	5	3.3000	.86194
Valid N (listwise)	72				

Source: Survey Data (2012)

From the findings, Standard deviation measures the spread of a set of observations and it is the square root of the variance. The larger the standard deviation is, the more spread out the observations are therefore exchange rate for imported product is not favorite has the highest standard deviation 0.91147 meaning that most of the respondent didn't agree to one notion there was spread of ideas while the lowest standard deviation that there is small market size 0.31966. while the other std dev are showed in table 4.7. Mean is the

arithmetic mean across the observations. It is the most widely used measure of central tendency in table the means are above value 2.5 which is 50 percent of the scale therefore showing that the high market factors affecting Chinese firm performance. It can be said that market factors affect performance of Chinese firms in aviation industry in Kenya.

4.6 Investment Climate

Table 4.8 Distribution of Investment Climate

	N	Min.	Max.	Mean	Std. Dvn
Exchange rate	72	2	5	4.1100	.6875
Tax reprieves given by the Kenyan	72	3	5	2.7650	.63722
General investment climate	72	3	5	3.2708	.62081
political stability	72	2	5	3.1786	.33903
currency exchange regulations	72	1	5	3.0667	.88581
limitation on ownership	72	1	5	3.9100	.84462
Valid N (listwise)	72				

Source: Survey Data (2012)

From the descriptive statistics presented in table 4.8 show that the mean are above 2.5 for all the variables in investment climate, (2.7650, 3.0667, 3.1786, 3.2708, 3.9100, 4.1100) from the lowest to highest respectively in this order; Tax reprieves given by the Kenyan, currency exchange regulations, political stability, General investment climate, limitation on ownership and finally exchange rate. Therefore the statistics indicates that there is investment climate ha influence on firm performance. The standard deviation show the spread of ideas of respondent and from the table the standard deviation ranges from 0.88581 to 0.33903 indicating that it is a small value thus respondents were agreeing to the same idea of investment climate. Generally from the analysis investment climate and

especially the exchange rate do affect performance of Chinese firms in aviation industry in Kenya.

4.7: Government Policies

Table 4.9 Distribution of Government Policies

	N	Min.	Max.	Mean	Std. Dvn
Import restriction and quotas	72	1	5	3.4898	.37796
The tarrifs for import are high	72	1	5	3.1905	.99611
There is government support and incentives and guarantee for foreign firm	72	1	5	3.2245	.37796
Kenya is stable and good for business	72	1	5	3.0952	.99611
The corporate tax and VAT is high	72	1	5	3.0357	.03126
Valid N (listwise)	72				

Source: Survey Data (2012)

On the descriptive statistics on table 4.9 shows that 72 respondent were interviewed on how government policies influences performance of international firms from the table the means ranges from 3.0357 to 3.4898 meaning that most of the agree that government policies affects performance of international firm while the standard deviation support since all the indicators have smaller values of .03126 to .99611.

4.8 Cost Factors

Table 4.10 Distribution of Cost Factors

	N	Min.	Max.	Mean	Std. Dvn
The labour cost is low	72	2	5	3.7143	.95119
There is availability of skilled labour	72	1	5	2.8571	1.21499
There is allied to raw materials locally	72	1	5	2.5714	1.71825
The distribution /transport cost is high	72	2	5	3.5714	1.13389
The level of technology is low	72	1	5	3.2857	1.25357
Valid N (listwise)	72				

Source: Survey Data (2012)

From the findings, Standard deviation measures the spread of a set of observations and it is the square root of the variance. The larger the standard deviation is, There is allied to raw materials locally 1.71825 meaning that most of the respondent didn't agree to one notion there was spread of ideas while the lowest standard deviation that there is small market size 0.95119. while the other standard deviation are showed in table 4.10. Mean is the arithmetic mean across the observations. It is the most widely used measure of central tendency in table the means are above value 2.5 which is 50 percent of the scale therefore showing that the cost factors affecting Chinese firm performance.

4.9: Statistical Summary

Table 4.11 Distribution of Statistical Summary

	N	Min.	Max.	Mean	Std. Dvn
Performance	72	2.3	4.4	3.063	.6875
Market factors	72	2.60	5.00	4.1100	.63722
Investment climate	72	2.00	4.20	2.7650	.62081
Government policies	72	2.50	3.67	3.2708	.33903
Cost factors	72	2.57	5.43	3.1786	.88581
Valid N (listwise)	72				

Source: Survey Data (2012)

The results of descriptive statistical analysis for the Performance of international firms scale are presented in on the table above This measurement scale consisted of 5 items Market factors, Investment climate, Government policies, Cost factors. Respondents were asked to provide answers on each item that was measured by a five point Likert scale ranging from 1 being strongly disagree to 5 being strongly agree. Based on the mean score of each item, respondents tended to Investment climate (M=2.7650, SD=.62081), and moderately agree that both Associations have assisted in performance (M=3.063, SD=.6875), and that Government policies (M=3.2708, SD=.33903), and Cost factors (M=3.1786, SD=.88581) and finally on Market factors (M=4.1100, SD=.63722)

Table 4.12 Distribution of Correlation

Correlation

		Performance	Market factors	Investment climate	Government policies	Cost factors
Pearson Correlation	Performance	1.000				
	Market factors	.753	1.000			
	Investment climate	.776	.672	1.000		
	Government policies	-.695	-.741	-.356	1.000	
	Cost factors	.704	-.058	.774	-.583	1.000

Source: Survey Data (2012)

The correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. The Correlation matrix is used to determine the extent to which changes in the value of an attribute (such as Market factors) is associated with changes in another attribute (cost factors). The data for a correlation analysis consists of two input columns. Each column contains values for one of the attributes of interest. When the values are greater than 0.5 then the variables are correlated and when values are less than -0.5 then the values for are not correlated. Collinearity is the term used to explain the dependence of one variable to other. The table 4.12 shows that there is high positive correlation of performance against Market factors, Investment climate, Cost factors.

Table 4.13: ANOVA

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.918(a)	.843	.805	.51038	.843	1.242	4	67	.001

Source: Researcher 2012

Predictors: (Constant), Market factors, Investment climate, Government policies, Cost factors
Dependent Variable: Performance

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.412	4	4.103	5.342	.001 ^a
	Residual	51.463	67	.768		
	Total	67.875	71			

a. Predictors: (Constant), Market factors, Investment climate, Government policies, Cost factors

b. Dependent Variable: Performance

The summary of the basic logic of ANOVA is the discussion of the purpose and analysis of the variance. The purpose of the analysis of the variance is to test differences in means (for groups or variables) for statistical significance. The accomplishment is through analyzing the variance, which is by partitioning the total variance into the component that is due to true random error and the components that are due to differences between means. The ANOVA analysis is intended to investigate whether the variation in the

independent variables explain the observed variance in the outcome in this study the outcome Level of performance.

The coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R² equals 0.843, that is, Market factors, Investment climate, Government policies, Cost factors only 15.7 percent unexplained. The P- value of 0.001 (Less than 0.05) implies that the model of performance is significant at the 95% confidence level

The ANOVA results indicate that the independent variables significantly (F=5.342, p=0.001) explain the variance in the firm performance. In this context, as have been presented in the table above, the dependent variable is the level of acceptance of firm performance while the independent or the predictors are Market factors, Investment climate, Government policies, Cost factors.

Table 4.14 Distribution of Coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.255	.133		4.870	.001
Market factors	.131	.131	.041	.335	.000
Investment climate	.170	.167	.161	.666	.000
Government policies	.051	.006	-.643	.256	.000
Cost factors	.048	.006	-.165	.332	.001

a. Dependent Variable: Performance

These are the values for the regression equation for predicting the dependent variable from the independent variable. The regression equation is presented below.

Regression equation:

$$Y = 0.255 + 0.131X_1 + 0.170X_2 + 0.051X_3 + 0.048X_4$$

Y= Performance

X₁ = Market factors

X₂ = Investment climate

X₃ = Government policies

X₄ = Cost factors

α = constant

β = coefficient

ε = error term

Where

Constant = 0.255, shows that if Market factors, Investment climate, Government policies, Cost factors all rated as zero, Performance would be 0.255

X₁ = 0.131, shows that one unit Market factors results in 0.131 units increase in Performance

X₂ = 0.170, shows that one unit change Investment climate results in 0.170 units increase in Performance

X₃ = 0.051, shows that one unit change in Government policies results in 0.051 units increase in Performance

X₄ = 0.048, shows that one unit change in Cost factors results in 0.048 units increase in Performance

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings as discussed in chapter four and interpretations of the data analysis, conclusions and recommendations based on the findings. The aim of the study was to explore the factors affecting the performance of Chinese firms in aviation industry in Kenya; Examine the effect of market factors on performance of Chinese firms in aviation industry in Kenya, Determine how investment climate affect the performance of Chinese firms in aviation industry in Kenya, Find out the extent to which government policies affects the performance of Chinese firms in aviation industry in Kenya, Establish how cost factors affect performance Chinese firms in aviation industry in Kenya.

5.2 Summary of findings

The study was carried out Chinese firms in aviation industry in Kenya. The objectives of the study were to explore the factors affecting the performance of Chinese firms in aviation industry in Kenya international firm. Out of 81, 72 questionnaires were returned duly filled in making a response rate of 90%, which is an adequate response rate for statistical reporting.

The researcher used descriptive and exploratory survey method whereby data was collected from operations staff of various departments in the selected from Chinese firms in aviation industry in Kenya. Both the qualitative and quantitative data was generated and analyzed using descriptive statistics; regression analysis and ANOVA. Regarding the

number of years in position, results show that majority had been in the firm for 10 years and above, this implies that the majority of the respondents had enough experience to give acceptable responses to the study questions.

In relation to the level of education, the results show that majority of the respondents had attained the college level of education. A significant number had also attained university level of education. This implies that majority of the respondents had adequate knowledge to respond to the questions asked in the study. The results show that a majority of the respondents were aged between of 30-39 years; this was followed by a significant percentage that had also attained ages between 40-49 years. The age composition shows that most of the respondents were of the senior age levels and therefore apart from their rich experiences, could also appreciate the importance of the study.

Starting from the domestic market (local market growth, local market size), analysis shows its positive relationship with the performance of companies in Kenya, meaning this factor has been accepted as significant with value (local market growth, local market Size) therefore It is clear indication of its positive relationship with the performance of Companies in Kenya

The result indicates that Market factors, Investment climate, Cost factors has relationship with the performance of companies in Kenya since the P value =0.001 is less than of 0.05.

5.3 Conclusions

This study has demonstrated four factors affecting the performance of companies in Kenya. Each factor consists of the variables that can best explain the important level affecting on the performance of Chinese firms in aviation industry in Kenya. The factors affecting the performance of companies in Kenya are composed of four factors. They are market factor (domestic market and export market), cost factor (labor cost, labor skill, availability of raw materials, transportation cost, and technology), government policies (tariff, import quota) and investment climate (government incentive, investment guarantee, government stability, corporate tax, exchange rate). In order to find out answers for these research questions, the questionnaires were sent to Chinese firms in aviation industry in Kenya, therefore study concludes that

$$Y = 0.255 + 0.131X_1 + 0.170X_2 + 0.051X_3 + 0.048X_4$$

5.4 Recommendations

The study seeks to make recommendations under two broad levels, namely policy recommendations and managerial recommendations.

The researcher recommends that the government should provide a sound legal framework for the international firm and government. The Kenyan economy is dynamic, and we are in the age whereby competition is the order of the day. Stringent measures need to be put in place to ensure the performance of integration firms.

Secondly, the government needs to step up its supervisory role and help in making regulatory efforts worthwhile. In connection to this, the researcher recommends that the government sets up an institute whose mission would be to guide, control and supervise international firm doing business in Kenya.

The researcher has various recommendations to management of the international firm. To begin with, the international firms should continue training their staff and avail more resources to make sure that performance is procedures are up to the task. The strength of any organisation depends on the quality of its staff. Therefore, international firm have to continue improving their staff through training so as to achieve the firm performance.

5.5 Areas for Further Research

The study recommends that more studies should be done to study factors affecting the performance of international firm in Kenya.

In addition, study may be carried out to find the proportionate changes in cost factors and government policies factors affecting the performance of Chinese firms in aviation industry in Kenya. Furthermore, a detailed study of curbing challenges affecting the performance of international firm in Kenya.

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APPENDICES:

Appendix 1: Questionnaire

Please answer the following questions as truthfully as you can. Your responses will be treated in strict confidence and are to be used for research purposes only. The questionnaire below has two parts; please answer all questions. Thank you.

PART A:

General information

- 1) Name of the Company
- 2) What is your gender? (tick one)
Male () Female ()
- 3) Age(tick one)
20 -30 () 21 -30 () 31- 40 () 40 and above ()
- 4) What is your academic background
Certificate [] diploma [] undergraduate [] postgraduate []
- 5) What is your designation?
- 6) How long have you been working in your present capacity?
Less than 3 years () 3 to 5 years () 5 to 7 years () Over 7 years ()
- 7) How long have you worked for the industry?
1 – 2 years () 6 – 10 years () Over15year ()
3 – 5 years () 10 – 15 years ()

PART B:

8) Based on your experience, How will you rate the company performance 2012 performance on the following scale?

1 Very low	2 Low	3 Fair	4 High	5 Very high

- 9) To what extent are the following Employee performance measures used in the organization? Rank by placing a tick in the appropriate place. 1= Least extent
2= Low extent, 3= Neutral, 4= Moderate extent and 5= Great extent

Description	1	2	3	4	5
Innovation and change					
Employee performance					
Customer satisfaction					
Operating efficiency					
Financial performance					

- 10) To what extent do you agree with the following statement on value, quality and use of performance measures? Rank by placing a tick in the appropriate place. 1= Least extent, 2= Low extent, 3= Neutral, 4= Moderate extent and 5= Great extent

	1	2	3	4	5
Information is highly valued					
Willing to bet job on quality of the information					
Measures are reported for external users					
Measures are used for regular management reviews					
Measures are used for resource allocation					
Measures are used to drive organisation change					
Measures are linked to compensation					

MARKET FACTORS

- 11) On the following items listed below, mark your appreciate response.

Description	Completely false	False	Fairly	True	Very true
	1	2	3	4	5
There is small market size					
The marker growth rate is slow					

Kenya is located where there is allied to regional and global marketer					
Inflation is high					
The exchange rate for imported product is not favorite					
Communication and culture does not favor business					
Physical infrastructure is good in terms of roads and other related issue					

INVESTMENT CLIMATE

12) Based on your experience, How will you rate the following item?

Description	Very poor	Poor	Fair	Good	Very good
Exchange rate					
Tax reprieves given by the Kenyan					
General investment climate					
political stability					
currency exchange regulations					
limitation on ownership					

GOVERNMENT POLICIES

13) On the following items listed below, mark your appreciate response.

Description	Completely false	Fals e	Fair	True	Very true
	1	2	3	4	5
There is a lot of import restriction and quotas					
The tarrifs for import are high					
There is government support and incentives and guarantee for foreign firms such as organisation					
Kenya is stable and good for business					
The corporate tax and VAT is high					

COST FACTORS

14) On the following items listed below, mark your appreciate response.

Description	Very false	False	Fair	True	Very true
	1	2	3	4	5
The labour cost is low					
There is availability of skilled labour					
There is allied to raw materials locally					
The distribution /transport cost is high					
The level of technology is low					

15) What recommendation can you make the challenges faced by other Chinese firms trading in Kenya?

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Appendix II: Chinese Aviation Firms

CATIC

Phoenix Aviation Kenya

Safari liake Kenya

Private Charter Flights Kenya

QI Aviation Kenya