

**INFLUENCE OF INTERNET ON SMES INTERNATIONALIZATION PROCESS: A
CASE OF SELECT SMES**

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DECLARATION

I declare that this research project is my original work, and as far as I am aware, it has not been presented for the award of a degree in any university

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This research project has been submitted for examination with my approval as University Supervisor



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DATE

DEDICATION

I dedicate this thesis to my wife Julia Wambui, my daughter Lynn Niamh and my son Levi Muna. They have been a great source of emotional strength throughout this project. They are my greatest motivation as they continue to inspire me to go for my dreams.

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LIST OF ABBREVIATIONS

ICT/IT	-Information and Communication Technology
UNDP	- United Nations Development Programme
SMMEs	- Small, Medium and Micro Enterprises
MSEA	- Micro and Small Enterprise Authority
MSMEs	-Micro, Small and Medium Enterprises
KNBS	- Kenya National Bureau of Statistics
SMEs	- Small and Medium Enterprises
SEO	- Search Engine Optimization
SERPs	- Search Engine Result Pages
GDP	- Gross Domestic Product
LAN	- Local Area Network
WWW	- World Wide Web

ABSTRACT

SMEs in Kenya are struggling to survive amid challenges that are threatening their survival due to their evolving nature. Availability of market for their products is one of the major challenge SMEs in Kenya are struggling with. Although the SMEs are putting a lot of work into their products, the local market is congested due to a high number of SMEs focusing on one clientele as well as the entrant of international players such as Amazon and Ali Express. This study aimed to test whether SMEs in Kenya are using internet to sell their products in the global market. The study was anchored on three objectives that sought to: identify actual internet tools used by SMEs in Kenya; determine the extent to which SMEs use internet in reaching international market and establish the consumer category patterns with respect to SMEs adoption of internet for international interactions. Diffusion of innovation Theory, Technology Acceptance model theory and Social Exchange theory were used in this study. The study used a mixed-method approach to collect data and interpret findings. This study targeted Manufacturing SMEs in Nairobi County, Kenya. Purposive and Random sampling was used to develop the sample for this study. An interview schedule and a survey were used to gather data. Forty-three SMEs were surveyed and the data collected was presented through tables and graphs while thirty SMEs were interviewed and data presented in coded themes. The findings suggested that Kenya's manufacturing SMEs are still in the experimental stage in terms of adopting internet for internationalization purposes and internet is primarily used in communicating, administrative support and research marketing. This study recommended that SMEs take initiative in embracing internet, collaborate and create network that will help them reach international market and SMEs increased adoption of internet as a tool for reaching international market.

CHAPTER ONE: INTRODUCTION

Overview

This chapter tackled the background of the study, problem statement, objectives of the study, research questions, significance and justification of the study as well as introducing operational definition of terms used in this study.

1.1 Background of the Study

Levi and Powell (2005) cite number of staff, revenues and asset totals as the main criteria that accurately defines Small and Medium Enterprises (SMEs). Papastathopolus. (2010) argues that SMEs play a vital role within the economy as well as the entire society by promoting economic development through increased competition, innovation, production employment as well as regionalization and social coherence functioning as incubation for new enterprises, innovative products and application, dynamic business forms, servicing of local needs and a tier plan for the distribution of employment and income.

UNDP defines small enterprises as any firm, commerce or service, industry, or a business undertaking, formal or informal that has an annual revenue ranging from Ksh 500,000 to Ksh 5 million with a staff of 10 to 50 people. Firms with 51 to 100 employees and capital assets not exceeding 30 million are categorized as medium enterprises. The Ministry of industrialization in Kenya survey found out that significant progress has been made on most of the issues faced by SMEs in Kenya. The challenges cited on the report are conservation and collectivization of the SMEs and Jua Kali market, access to credit, access to marketing opportunities and capacity building to widen the skills pool.

Small and Medium enterprises are crucial to Kenyan economy as they account for 95% of employment and businesses in Kenya. These engines of growth contribute vastly to our GDP. According to the Kenya National Bureau of Statistics, the approximate number of both formal and informal, licensed and unlicensed businesses stands at 1.56 and 5.85 million respectively. A further report by Deloitte Kenya Economic outlook 2016, shows that SMEs are also facing issues with inadequate capital, restricted market access, lack of proper infra-structural network, inadequate knowledge and skills and advanced and swift technological changes. Corruption and unfair policies also present challenges to this sector. Intense globalization of markets has increased competition for SMEs who are left with no choice but to compete amongst themselves in an effort to modernize, survive and stand out in dynamic markets (Burn, 2001). Kenya National Bureau of Statistics in a 2017 survey indicated that approximately 400,000 SMEs do not survive for two years and few manage to survive for five years.

The Dictionary of Sociology 1998 defines internet as a chain of globally interconnected computers also referred to as (World-Wide Web) that gives users an instantaneous access to an ever-growing number of domains containing information on almost everything or all kinds of topics and issues. They can include daily news, current prices of commodities and goods to compare between different local and international shops, libraries, gossip, entertainment that includes music, videos and adult content as well as social interactions through social media and chat bots that allow providers of information such as websites to communicate and interact directly with their users for automatic feedback in real-time or while on the website without the need for formal communication such as emails and calls.

It was originally developed by the Government of the United States during the 1970s as a means of disseminating information and guarding communications channels in case a nuclear attack occurred. During the 1980s it developed quickly, first into a platform which academicians could exchange resources, then as a means of global communication network available fundamentally to anyone having access to a personal computer and a telephone line. Internet adoption by small business is important in forming the important mass for Internet commerce – governments in the G8 countries are coming up with initiatives ensuring that small enterprises adopt Internet for their business. (Poon & Swatman, 1999). SMEs see internet as a tool that can enable them to go beyond geographical borders to increase their market share (Lunati, 2000). As time goes by, the continued advancement in technology as well as internet has quickly become synonymous in the SMEs industry. IT industry is seeking to provide more solutions that can link SMEs and e-connectivity. Internet has increased the extent through which SMEs can reach larger markets both locally and globally.

Additionally, IT and internet has increased trading platforms through creation of e-commerce websites that allow SMEs to make end-to-end transactions both locally and globally without the need for third parties or even payment gateways. The e-commerce platforms have eliminated the intermediaries that existed between consumers and suppliers, thus facilitating, and reducing costs of trade at both the local and international level. SMEs can build a very strong market presence through the use of IT and internet. The information technology can help enterprises in coming up with better strategies and channels to recruit and train the right mix of employees as well as partners that can enhance growth of such businesses. A properly channelized business increases returns and achieves better profit margins as well as an ability to exploit more opportunities. Moreover, this helps enterprises in engaging better

opportunities and building relations on an international level. Many SMEs have been able to create influential and resilient network of firms that achieve higher efficiency and productivity with the help of IT. The best part of IT sector is its ability of strategists to realize that there is no one single solution that can fit all issue. Rather, IT offers flexible solutions that are tailored to suit each specific issue, where specialists act with an understanding of the requirements of each business. In this way, SME owners can rest knowing that their teams are steered by the best customer support available in the industry, and one that caters to the specific business needs and cater to various challenges (SME Venture, 2017).

According to a KNBS survey, (2016), lack of market, government regulations and interference from authorities are among the challenges that afflict the Kenyan SMEs sector. According to the survey, 16.6% of licensed businesses indicated that given assistance in market promotions, they could overcome some of these constraints. 15.9% and 14.9% of such businesses that participated proposed easing of policy requirements and creation of a conducive environment for fair competition as possible solutions to the challenges, respectively.

1.1.1 Internet Landscape in Kenya

The growth of the Kenyan broadband is attributed to a combination of upgrade investments by key suppliers within the country as well as the acquiring of 4 fibre optic submarine cables. This expansion ended the reliance of expensive and limited satellite services, which resulted in cheaper connectivity while increasing the bandwidth (Internet World Stat, 2017). Information drives the Internet with a lot of time spent browsing the Internet being used for research or sending and receiving e-mails. The Internet offers a very good environment for personal communication (email and phone calls), allowing enterprise trade, and for

marketers to better understand consumer behaviors and develop closer relationships with them as well as enhancing customer retention. The Internet has therefore brought new opportunities to governments, educators, corporates, and even SMEs.

Some of the new benefits of increase connectivity within the country include Wide Area Network, mobile computing especially ones employed by government to provide services that increase efficiency, efficacy, and delivery of services to customers while also promoting better governance. Others include e-banking (also known as Internet banking, where anyone with Internet access can access bank account and perform banking transactions including sending money, paying bills and even paying of their employees' salaries), e-commerce (buying and selling of products or services online by enhanced digital platforms such as woo commerce and shopify) and finally e-learning (computer and internet-enhanced learning). One of the most critical factors in achieving the growth has been infrastructure that promotes sectors such as e-governance that has been at the core of reforming public sectors in developing countries. However, majority of the improvements continue to depend on western-centered telecommunication frameworks that have not been extensively explored for African countries (Ochara et al., 2002).

1.1.2 Internationalization of SMEs

Internationalization refers to the procedures utilized in expanding engagement of companies within the global business arena, although there is no recognized definition of internationalization. While internationalization generally implies big ventures carried out on an international scale, even the smallest companies can internationalize well with few resources if they do it right (Forbes, 2015). Internationalization helps SMEs take advantage of other markets growth and advancement, move enterprises in the value order to more competitive

ones, attain economies of scale and reach and monitor other clients and markets, the scope of competitors at an international level in a specific industry or sector, and even the societal diversity exhibited by teams in global companies.

1.1.2 Government Policies on SMEs Internationalization in Kenya

The Government through Micro and Small Enterprises Authority promotes the development of market for goods and services for SMEs by providing technical aid in product growth, identifying markets for products created by MSMEs and providing linkages between the micro and small enterprises and upcoming markets as well as doing market research, survey and analysis (Micro and Small Enterprises Act, 2012).

Kenya has worked with other players in the market to help SMEs identify opportunities to enhance their competitive edge so they can increase sales both locally and globally. To set this process in motion, the International Trade Centre (ITC) collaborated with Kenya's Ministry of Industry, Trade and Cooperatives (MITC) and the Kenya National Chamber of Commerce and Industry (KNCCI) set up measures for monitoring SMEs countrywide. This project included the design and implementation of a study that was done to nearly 1000 businesses across the country in 2017–2018. Furthermore, Kenya through Kenya Export and Branding Agency promotes export of goods and services to the international market. The Agency named as BrandKe is mandated to establish an integrated approach within Government and private sector towards global marketing, outreach and branding of Kenya among other functions.

1.1.3 SMEs in Kenya

Most SMEs are placed/ categorized under the informal sector which refers to self-employed individuals or small-scale enterprises. It is estimated that 95% of all enterprises in Kenya fall in the informal sector, with a share of 30 % of jobs and 3 % of Kenya's GDP (KNBS, 2016). The government acknowledges the part informal sector plays and is looking for ways to merge these businesses into the formal sector. In a KNBS 2016 survey, MSMEs had an output valued at KSh 3,371.7 billion compared to a national output of 9,971.4 billion shilling, translating to 33.8% in the year ending 31st December 2015 (KNBS, 2016). When it comes to the gross value, the MSMEs contributions amounted to 1,780.0 billion shillings compared to 5,668.2 billion shillings by the entire nation's economy (KNBS, 2016). Manufacturing which contributed 24.3 % of the MSME's gross value added was ranked the highest (KNBS, 2016). Other sectors ranking high included wholesale and retail trade at 22.8%, transport and storage at 15.4, and education services at 7.3% of the added gross value (KNBS, 2016).

The 2016 KNBS survey indicated that MSMEs reached out an approximate 14.9 million people, with 57.8% of that number coming from unlicensed enterprises (KNBS, 2016). Licensed enterprises employed a total of 4 million people. In total, small businesses contributed to 81% of recruitment within the MSME sector. 27.8% of participants in the surveyed group were from Nairobi (KNBS, 2016). The report further indicated that in terms of distribution, approximately 1.56 MSMEs are licensed at the county level while 5.85 million of unlicensed businesses were from household enterprises. Majority of these MSMEs fall within the service industry, with most of them falling under the wholesale and retail trade category (KNBS, 2016). Other categories ranking high included vehicles and motorcycle repairing,

accommodation, food services with the first two accounting for 57.1% and 62.9% of licensed and unlicensed businesses, respectively (KNBS, 2016).

The ownership of these SMEs also varied dynamically, KNBS report showed that males and females owned 47.9 per cent and 31.4 per cent of the licensed enterprises, respectively while unlicensed enterprises were predominantly and fully owned by females at 60.7 percent (KNBS, 2016). Those that were jointly owned accounted for 16.5 percent of licensed businesses and 6.4 percent of unlicensed establishment (KNBS, 2016). In Kenya, SMES have a critical part to play in the economy when it comes to recruitment and creation of income and wealth. Considering it is a growing area, it accounts for the largest number of new jobs. According to the 2016 Economic Survey, the informal sectors continued to dominate the job market through creation of new jobs that makes them crucial for the economy. “In 2015, it was estimated that informal sectors created a total of 713,600 jobs, which accounted for 84.8% of total newly created jobs,” (KNBS, 2016, p. 23).

MSMEs are backbone of all employment; producing a significant portion of total value added as well as increasing the affordability of goods and services. Also, with the help of enabling structures, MSMEs can accelerate innovation and testing of technologies that are pivotal in changing the framework by developing groups of progressive, able, as well as visionary entrepreneurs. MSME operations in Kenya are spread across a wide range of sectors within the economy that offers livelihoods to most of the households. Several extensive and partial studies indicate that they operate within manufacturing, trading, and services

MSME operations spreads across almost every sectors of the economy and offers a livelihood to the majority of households (KNBS, 2016). “Several full and partial studies

show that Kenyan MSMEs operate in trade, services and manufacturing” (KNBS, 2016, p. 24). Furthermore, MSMEs play a critical role in progressive growth and innovation. This sector has continued to give rise to advancement of skilled and semi-skilled workforce that is expected to play a vital role in expanding the industrial sector of Kenya. Also, it has increased both forward and backward connections across different borders, geographical, social and economic as well as increased cooperation between diverse communities in Kenya. this continues to produce a pool of highly entrepreneur and management skills nationally (KNBS, 2016).

Their size allows them to be highly flexible to market changes especially because they do not have large capitalization that requires time to make changes, not forgetting that unlike big enterprises, MSMEs do not undertake long-term projects or goals spanning more than 5 years. By mostly focusing on short-term goals, such as gaining more clients for their businesses, they can make changes fast. A case in point is a cloth retailer, who adapts to trending fashion. Large enterprises may need to make changes that require large amounts of capital and change their operations. Unlike the small businesses, such changes can take years.

Despite their flexibility and ability to adapt to dynamic markets, MSMEs face several challenges to grow, especially in relation to accessing finance. Other barriers and challenge include red tape, unfair macro-environments especially with growing abilities of big businesses to adjustments or customize products and services to clients and administrative difficulties. MSMEs also face difficulties with land, infrastructure, access to information, labour laws, licensing, and financial instability. “The Sessional Paper proposed how these challenges could be handled including a proposal for A Small Business Act which resulted to the Micro and Small Enterprise Act being passed by Parliament in 2012” (KNBS, 2016, p. 23). In

this paper, new rules and regulations aimed at promoting small businesses development were proposed (KNBS, 2016).

1.1.4 Relationship between ICT and SMEs

SMEs face market failures and accessibility problems to finance, technology and markets, these enterprises work with traditional technology and unskilled labor to produce non-standardized and even low-quality goods and services for the local and national market (OCED, 2008). The number of SMEs using internet in Africa has been increasing and these are using the Internet for various purposes including e-mail which is used as a way of communicating with their customers (Miranda, 2002). More SMEs are seen to be taking up internet, social media, e-mail services and employing other ICT tools to conduct their business electronically. On April, 2019, Cisco launched a Sh69 million Incubation HUB in Kenya to be hosted at the University of Nairobi. The Incubation Centre, which is a first for Cisco in East Africa and the second in Africa, having launched a Hub in South Africa on 2018, aims to transmit business knowledge and speed up reach of market for Small Medium and Micro Enterprises (SMME's) in the ICT space.

SMEs use internet to offer all rounded business establishments including offices with high-speed internet connectivity, video and audio conferencing and participation platforms, as well as boardroom and training equipment. Furthermore, internet enables in transactions, marketing and customer service and relations as well as easing the trade process with the end users. SMEs and internet have a special relationship as SMEs industry rely on internet in marketing their products, internationalization as well as opening the whole sphere of the industry by informing on the latest trend as well as helping in application of these trends. In

their finding Kiveu & Ofafa (2013) indicated that opportunities exist for SMEs to use ICT to enhance communication and access to information, looking out for markets, producing innovative quality products, promotion of products, facilitate transactions, for market monitoring and analysis, to access international markets, for on-line shopping, for social and career networking and lowering transaction costs. Their study recommended awareness of creation for ICT use, improvement in ICT knowledge and skills and infrastructural network, development of user friendly appropriate ICT programs for SMEs, creation of databases for SMEs, use of existing social sites for marketing and use of ICT in SMEs marketing strategies.

1.2 Problem Statement

According to KNBS survey, (2016), lack of market, government regulations and interference from authorities are among the challenges that bedevil the Kenyan SMEs sectors. According to the study, among licensed enterprises, 16.6 per cent showed that they would win over challenges if they were helped in market promotions (KNBS, 2016). “Other proposed solutions of 15.4 % and 14.9 % were easing licensing policies and providing an enabling climate for fair competition” (KNBS, 2016, p.24). The survey further reports that many SMEs do not live to see their second birthday and those that do stagnate for years without an inch of growth. With millions of SMEs, both formal and informal, their growth should have a big impact in our GDP, yet they seem to struggle and wallow under scores of challenges that stifle their growth and later die a silent death.

The World Wide Web and the Internet together with other ICT enabling innovations gives SMEs a platform with which they can arrange their business procedures, apply their marketplaces, and collaborate with other enterprises (Migiro, 2006). Internet based technologies provide small firms the opportunity to mitigate the challenges of size and compete more

effectively and/or in larger markets with bigger sized companies. There is some evidence to show that the Internet has led to growth of international opportunities for SMEs. (Hamill, 1997). The Internet holds great promise in assisting in the internationalization of SMEs – especially as a marketing technology tool as well as a communication tool. Internet technologies help SMEs increase their abilities to compete with other companies on a local and a national scale (as a promotional tool, it helps in creating the possibility and opportunity for different people to start a business, offer hustle-free, cheap and easy way of transacting (not restricted to certain hours of operation, or space, virtually open 24 hours a day, seven days a week) and offer a cheap way (compared to postage, telephone and walk-ins prior to Internet) for small enterprises to compete with bigger companies and selling in global markets (Williams ,1999, p. 20).

Other major opportunities presented by internet are: increase in online market as the new generation is in preference of buying online and strong inter-business network in which companies are having more and more opportunities to connect and collaborate such as to expand the supply chain (Consoli, 2017). Kiveu (2013) suggested that opportunities exist for SMEs to apply internet technology to enhance communication and access to information, reach markets, for production of innovative life changing products, promote product, to ease transactions, for market monitoring and analysis, to access global markets, for online transactions, for enterprise networking and to lower transaction costs. However, actual adoption of the Internet for internationalization by SMEs in Kenya is very low as some SMEs are still not using it in their marketing efforts. This study sought to investigate whether or not SMEs are using internet in internationalization process and how effective, or not, the internet has helped the SMEs in reaching global markets.

1.3 Objectives of the Study

- i. To examine the most prominent Internet tools used by SMEs for purposes of international interactions
- ii. To determine the purposes for which SMEs use the internet for international business
- iii. To establish SMEs consumer category patterns with respect to adoption of internet technology for internationalization.

1.4 Research Questions

1. What are the most prominent Internet tools used by SMEs for purposes of international interactions?
2. What purposes do SMEs use the internet for international business?
3. What are the consumer category patterns with respect to adoption of internet technology for internationalization?

1.5 Justification of the Study

The study was carried out with the aim of seeking to understand why Kenyan SMEs are not utilizing internet in reaching global market and use the findings to recommend solutions. The study focused on the manufacturing sector who are at the centre of producing goods that can be with international appeal. Coviello and Munro (1997) claims that internationalization through networking has many factors at play than a few single steps considering that many companies must rely on third party resources. This means that creating a strong network at a global level requires extensive resources as well as time. Therefore, firms looking to internationalize must do so by engaging and exchanging resources with foreign coun-

terparts. SMEs engaged in manufacturing seek to create strong relationships at the industrial level and pay minimal attention to the advancement of IT relations. In the global market, there is a demand for all sorts of good ranging from beauty products such as oils, wigs, nail polish to home improvements such as furniture and kitchen fixtures. In the modern market, especially the global market, everything sells. Previous studies done on the use of internet by SMEs focused on ICT adoption by SMEs but did not delve to find out whether SMEs are using internet in reaching global markets.

This study will be important to both the existing and entrant SMEs. Whereas the existing SMEs will learn how to further their operation and expand their market to other countries, the entrant SMEs will benefit from the study by understanding important tools that can help them survive the dynamic market.

1.6 Scope and Limitation of the Study

The study was carried out in Nairobi, and SMEs from manufacturing sector were interviewed and surveyed to establish the usage of internet in the internationalization process. This is a limitation as it may not give a thorough representation of how SMEs are using internet in a specific sector as the sample for each sector will be small. This study focused on all SMEs that are using internet in order to fulfill one function or another. This is a limitation as SMEs that are not using internet however successful, were not be included in the study.

The study focused on SMEs that are four-year-old or more, i.e. those that have been operating since 2015 as these SMEs may have had opportunities to adopt and develop internet tools longer than the new entrants.

1.7 Operational Definitions

Small and Medium Enterprises This is a convenient term for segmenting businesses and other organizations that are somewhere between the “small office-home office” (SOHO) size and the larger enterprise

Micro, Small and Medium Enterprises- Micro businesses are small business with five employees or less

Internationalization- the action or process of making something international.

Gross Domestic Product- the total value of goods produced and services provided in a country during one year.

Internet- A global computer network providing a variety of information and communication facilities, consisting of interconnected networks using standardized communication protocols.

Information and communications technology/Information Technology- refers to technologies that provide access to information through telecommunications

World Wide Web - The World Wide Web is the universe of network-accessible information, an embodiment of human knowledge

Local Area Network- A computer network that links devices within a building or group of adjacent buildings, especially one with a radius of less than 1 km.

Incubation hub- a company that helps new and startup companies to develop by providing services such as management training or office space.

CHAPTER TWO: LITERATURE REVIEW

Overview

This chapter reviewed literature on internet tools used by SMEs in Kenya, the extent to which SMEs use internet in reaching international market, and consumer category patterns with respect to adoption of internet technology for internationalization. The chapter also reviewed theories that addressed the issues raised in this study.

2.1 Internet Tools Used by SMEs

Internet is a rounded phrase for several technological advancements relating to economic and social changes (Lucy et al, 2008). Current changes and advancements in the IT and communication sectors have made a tremendous impact on businesses at various levels such as reduction of costs, increasing value chains, functions, structures, operations and ways they can exploit their opportunities. Today, such businesses are able to provide services to wider markets in ways that were not possible before advancement in IT and communications. A study done in the UK submits that, internet allows SMEs to utilize better and more developed communication channels such as e-commerce, website creation, information sharing as well as emails that are ideal for services industry (Lucy et al, 2008). With the internet, SMEs are able to use more advanced communications such as e-mails, file sharing (using FTP and online applications such as Wettransfer and Dropbox), easy and quick websites creation, and e-commerce platforms which are deemed to be enough for SMEs involved in the service sector, which offers a good field to undertake this study.

E-mail is often regarded as the most influential office communication tools in enterprises today after the fax machine (Moody, 1997). Its invention made communication including sharing of information in various formats such as images, CAD drawing, documents, spreadsheets and PDFs within seconds (Chapman, 2000). Their use is versatile and goes beyond normally known borders before, including marketing, promotion, direct interaction with clients and offering guidance to clients while it can be done from any interconnected device without geographical barriers (Simmons, 2007). E-mails are widely used for both two-way and one-way communication, with the former being utilized for communication between providers and their clients for various purposes such as meetings, feedback, and general business exchanges. The latter, one-way communication, on the other hand, has been used for advertisements and spreading promotional messages that provide information that seeks to gain more clients and keep them visiting the website to check out products and services. Unlike the fax machine that only worked in offices, it allows customers and businesses to communicate at anytime from anywhere across the globe (Heini & Heikki, 2015).

Sharing of files and information is highly dependent on the connectivity of computers, where without internet it becomes impossible to communicate with people who are not in the local network or using the same server. Through the use of file-sharing software, users can browse for specific information and download them as needed. Computers requesting information become the clients while those providing it are the server and those offering both are peers (Felix & Coleman, 2010).

Another tool used by SMEs in Kenya is the World Wide Web (WWW). It allows SMEs to share information on an international basis and has the ability to provide an avenue for advertising and undertaking business promotion activities and even makes it possible to

conduct direct transactions with their customers without middlemen (Hsieh & Lin, 1998).

Among the numerous technological tools that come with the internet, www remains the most influential when it comes to internationalizing. In simpler terms, it refers to the globally interconnected computers that allows users from any part of the world to access and upload information. It offers SMEs a podium that would be otherwise impossible to reach without extensive capital injection. Moreover, users are able to monitor their communication, operations in near real-time from remote and even undertake research about other markets. With such an ability, www has surpassed many other types of technology within business transactions (Felix & Coleman, 2010).

Because of interest www has sparked as a commercial medium, SMEs have different website categories in their efforts to reach international markets. The categorization primarily depends on the size of SMEs and the products they are offering to the market. Other factors that affect choice of the website is investment and human capital as some websites are easy and cheap to operate compared to others. One of the sites SMEs can use is the E-Commerce: Commerce websites, otherwise known as online stores, are internet-based shops where users can visit and select through a wide array of products offered by the enterprise. They list their goods and services and include images and use various formats such as videos for customers to view. They allow clients to make purchases where products are delivered to their door front, offering a convenience that was not achievable before. Through such a site, an enterprise has a potential to tailor services to customer needs and understand them through monitoring their purchases (Hsieh & Lin, 1998).

The advantage of commerce sites is that you can transact globally; it is easy to retarget or remarket to customer as interactive e-commerce sites enable more intelligence gather-

ing, behavior monitoring and efficient customer interaction (Thomson, William & Thomas, 2013) as well as featuring bestsellers and the ability to process many orders in a short time. The limitation of e-commerce site is that sometimes users can be impatient and have high expectations on the transaction process, sometimes they can't buy during a site crash and the need to ship the products overseas can sometimes be challenging. There is also issues of internet security which hinders the acceptance of this marketing approach by the consumers and also the challenge of intermittent network connections that can discourage many consumers. Finally, local commerce websites tend to face high competition from bigger well-established ecommerce sites. (Hsieh & Lin, 1998)

SMEs can also use content sites related to their products or services offered in their efforts to reach global markets. Content websites act as third parties who offer to put up information on behalf of another enterprise in form of advertisements. These adverts can be in different formats such as banner ad, interactive ads, static display ads, and sponsor content that draws visitors to another site upon clicking. The strategy helps small businesses increase their outreach by partnering with other sites to generate traffic. Such promotion affiliates are paid a fee measured in terms of eyeballs. However, such content is not permanent (Hsieh & Lin, 1998).

Another tool for SMEs is the use of Corporate information sites that allow such businesses to have an online presence by placing product or services they are offering in their site. Such sites are required to maintain information about the enterprises as confident and only use them as directed by owner. They serve a vital role in presenting the enterprise as a competitive business with cutting edge products and services to competitors (Angell & Heslop, 1995). Such sites can come in form of single page flyers that do not provide links to

another site, which is why they are called static. They detail the products, services, and values of the company as well as contact information. They can also be in form of images showcasing the business products as well as services (Hsieh & Lin, 1998).

SMEs can also use search agents' sites to rank their business in the international markets. They are commonly referred to as "search engines" that use keywords to search for information online. They search the keywords within databases and identify the enterprise's website. The most popular search engine is Google Business which offers a platform where business can be searched through their products, location and even through customer reviews. Today, most search engines utilize search engine optimization where the search engines structure the sites in a way that is linked to other similar sites. This allows results of many similar businesses to appear once keywords are used (Hsieh & Lin, 1998). Also, these search engines use interlinked agents that perform more than one search (Hsieh & Lin, 1998).

The purpose of Search engine optimization (SEO), search engine results pages (SERPs), search engine advertising (SEA), and paying advertisement on these platforms are intended to enhance the presence of the enterprise or increase its discoverability online. They are a one-way communication and offer no interactive ability other than increasing presence of the firm by showing products and services offered. Their purpose is no different than billboards that only show information (Heini & Heikki, 2015).

The final tool used by SMEs in their endeavor to globalize their firms is the use of Mobile Internet (MI). It is primarily characterized by cellular or wireless connectivity such as GSM, GPRS, UMTS and WI-FI, WiMax and RFID networks. This is one of the fastest and most recent technological trend, where more people are switching from using computers to

mobile devices with computing abilities. It has fused mobile technologies with internet, which allows users access to all communication wherever they are within seconds without needing access to a computer.

The cases highlighted have given a detailed information on different tools used by SMEs but their specific impact on SMEs internationalization has not been studied yet. Although scholars have covered internet tools used by SMEs in reaching international markets, there exist gaps in whether these internet tools have actual impact in helping SMEs reach global markets. There is also a gap in knowledge of whether SMEs who have succeeded in the global markets have done so because of using internet alone as a tool of internationalization. This study experimented on internet tools used by SMEs and how they have impacted their internationalization process.

2.2 Internet and Internalization of SMEs

With the increased commercial use of the internet, more content and materials aimed at advising businesses continue to emerge on a daily basis. Much of the content focuses on how to increase connectivity as well as to monetize online platforms (Hamil, 1997). This has led to an increased need for creative and captivating business models as well as marketing strategies to remain competitive in a dynamic and digital world. SMEs can rely on third party agents and suppliers that have been identified as key in helping such enterprises globalize their operations. Commercialization of the web has led to a creation of materials providing general advice to businesses on how to get connected and how to make money on the online platforms (Hamil, 1997). This has increased the need for innovative business and marketing approach required to maintain competitive advantage in a digital economy that SMEs need to

embrace. SMEs can use the net to find the perfect international agent or distributor as this has been identified as a critical success factor in SME globalization.

The internet not only offers a platform for internationalizing SMEs, but also offers content on how to, making it self-sufficient in the sense that that small enterprises can easily find what they are looking for, including agents and distributors in various localities. In regard, searching for agents of affiliates to partner with is also easy. Also by understanding different markets with the help of such affiliates or agents, enterprises can know the most appealing markets and where to focus their efforts as well as ways to achieve critical success factors are available. SMEs can use internet in forming strong networks with other SMEs globally. Strong links are more influential on global performance than weak links. Similarly, network coordination and technical skills have a positive and significant association with performance on a global scale (Kenny & Fahy, 2011). SMEs can be competitive in local and global markets if they can collectively realize the opportunities of economies of specialization that they do not have individually because of their small operational size, and the group suggests working in cooperative networks and clusters (NCC, 1999). By forming these associations, SMEs hasten their internationalization endeavors and enhance their success rates (Coviello & McAuley, 1999)

Also, SMEs can use the internet to conduct market research that is crucial when it comes to creating a mix of efficient promotional activities as well as strategies to gain competitive edge. SMEs should also use the internet to develop better relationships with providers of data who can tailor information to their business needs (Moen, Madsen & Aspelund, 2008). They further argue that SMEs can also use the internet to support sales and customer service activities. With efficient identification of potential customers through such data and

market research, businesses can proceed to initiate contact with the clients that will high chances of leading to closes. They can also use the internet to develop long-term customer relations by understanding their behaviors and acting accordingly to retaining them. It is crucial for businesses to retain their customers to develop future relations especially after considering it is always easier to retain than lose a client.

The increase in commercialization of the internet has made tremendous changes in relation to how people perceived online advertising. More firms continue to setup their online presence to increase their outreach of the market. Majority realize that times have changed, where many people begin a search for what they want on the internet before proceeding to make choices. In regard, it is important for SMEs to have strong and interactive websites that allow customers to find answers to what they want. A powerful website provides a cheap and affordable means of promotion to international customers (Hamil, 1997)

The wood and furniture industry in South Africa has realized the importance of using strong networks to create global value chains that are critical to their survival and increasing exports (Moodley, 2002). This industry continues to use the internet to increase its value chain that has played a vital role in accessing export markets. A recent study has revealed that large motor vehicle manufacturers in Kenya are not willing to buy parts from local suppliers because of their inability to meet quality demands as well as schedules. Also, they face a lot of competition from secondhand products coming from Europe and Japan (Okatch et al., 2011). In Kenya usage of internet in reaching global markets present a knowledge gap as many studies done around the topic do not focus on how internet can be used for internationalization purposes. This study examined whether SMEs intentionally use internet to reach global markets. The study also experimented how internet enables SMEs market their prod-

ucts locally amid growing competition from international commerce sites such as Aliexpress and Amazon.

2.3 Internet Adoption among SMEs

It is worth noting that various SMEs within different industries will not require the use of ICT the same way as others. Rather, each firm can adopt technology depending on its needs as well as the market it serves. Not all firms require using ICT to internationalize considering some are in services industry that would require physical presence in other countries to achieve internationalization (Kotelnikov, 2007). There are many variances to ways through which such firms can internationalize. However, there is a consensus that it is gradual process that range from uninterested enterprises to experienced big and experienced exporters. In between there is a period of partial curiosity that leads to exploration followed by experimenting and small businesses with experience in exporting before they become big exporters (Czinkota, 1982). In a study done by Hamill and Gregory (1997) only a small number of UK SMEs have been able to reach their full capacity and potential in the use of internet in the global market. The study further stated that use of internet for SMEs internationalization in the UK fails several years behind that in the US.

Kenyan SMEs operate within diverse sectors that almost touch every part of its economy at various levels such as cultural, political, social, and economic. As a result, their use of internet and the need to reach global market differs from one another. SMEs use internet because of need to adapt to the dynamic markets that result from increased competition, globalization, technological advancement, changing opportunities and preferences of the owners in order to remain competitive. There are others who fail to use internet for internationalization

process because of such factors as lack of skill pool, government support, cyber security, infrastructural network and capital to set up ICTs tools (Ongori & Migiro ,2010).

Some SMEs consider lack of critical mass of users as a major barrier when installing internet infrastructure. SMEs owners fear that the rate of adoption by customers is too low to justify investing in e-commerce by customers and suppliers. There is an assumption among SMEs owners that the readiness for SMEs internationalization involves readiness of the other actors besides themselves and that the SMEs look at ecommerce as selling directly to the client without considering the opportunities of business-to-business applications. In Kenya, SMEs may be categorized into the five consumer patterns with respect to internet adoption. The patterns, borrowed from diffusion of innovation theory, will help us establish which SMEs fall under each of the five categories that include Innovators, Early Adopters, Early Majority, Late Majority and Laggards.

2.4 Theoretical Framework

2.4.1 Diffusion of Innovation Theory

Diffusion of Innovation (DOI) Theory, created in 1962 by E.M. Rogers is considered as one of the oldest theory in social sciences. It's origin which is traced in communication explain how, with time, a new idea or an innovation gather momentum and spreads through the target population or a specific social community. The notion behind the spread is that people, who constitute social system, embrace the idea, behavior, or product. (LaMorte, 2018). One of the main elements of this theory that describe how uptake of innovation impact SMEs is innovation. The novelty of the idea from an individual perspective plays a vital role in readiness to adapt. Ideas that are highly novel are deemed innovations while those with a

low level of novelty are not seen as new. Majority of people take the word innovation to mean something that is completely new and not heard before. Innovations may have been heard before but until an individual adopts it, it remains something new. Some people may know of an innovation's existence but reject or feel they are not ready to implement the idea. The novelty level of any innovations can be communicated through expertise, conversion or even making the decision to adopt. The main question to consider is how the level of perceived aspects of a new idea such as its compatibility and relative advantage affect adoption (Rogers, 1983). This element of the theory will be helpful in understanding how owners of SMEs adopt and use internet. Furthermore, the theory will be helpful in explaining the third objective of this study where a comparison of the adoption of internet among SMEs will be looked at.

Another important element in this theory is its communication routes. Diffusion is the process through which new ideas are disseminated. It involves one individual communicating his or her ideas or even other ideas that are new to the audience. At its basic level, it involves two parties, where one is the expert and understand the new innovation and explains it to the second party that is another person or an audience who are yet to gain the expertise and also, the communication channel that brings the two together (Rogers, 1983). SMEs acquire innovation through referrals from others and especially in Kenya, there are institution that are dedicated in training SMEs in adoption of internet and passing of any information about new innovation in the industry. The communication channel for diffusion of innovation is wide in Kenya and involves many players such as government, banks and non-governmental organizations.

While many behavioral science theories have failed to explore time as a categorical variable, this theory sees timing as one of the most important aspects of diffusion. Time is among the most important aspects of communication and plays a crucial role in the type of response that one gives back. The element of time seems to be the main focus of this theory, where diffusion is categorized using time as the main factor, where there are early and late adopters. Also, it measures level of adoption of any given innovation using the number of adopters at each specific time. It also signifies the process through which one goes from not knowing, to knowing, rejecting, or adopting. This element of the theory is important in explaining our third objective of the study where the rate of adoption of internet among SMEs will be looked at, that is, how early or late SMEs are in internet adoption and the kind of systems available now that can help adopt internet at a specific period of time.

Social system is also an important element in explaining diffusion of innovation theory. It refers to a set of interconnected units involved in solving a common problem to accomplish a shared objective. It is good to remember that diffusion occurs within the society where social elements affect the diffusion in several ways, which explains why some societies will adopt faster while others take time. SMEs will be affected by any form of technology that is been used in a specific social system and must adjust their business to suit the dynamics of the technology employed in the society in day to day interaction conducting trade. Because new ideas do not happen simultaneously in a social system, individuals will adopt innovations at different rates. Adoption of internet will be determined by the characteristic of the SMEs owners as they differ one from another. SMEs owners can be categorized into different categories depending on their uptake of innovation viz: “Innovators, Early Adopters, Early Majority, Late Majority and Laggards.”

SMEs Owners who seek to be referred to as innovators are those who want to be the first to try the innovation. Their attitudes, experience and their business structure allow for great need to want to try innovation in expanding their business. Early adopters are those that are aware of the new innovations and understand the importance of adopting the new ideas early. SME owners falling in this category require little to no convincing to use new ideas. The SMEs owners who are in urban areas and are educated tend to fall in this category because they are already exposed to the technology and have adequate information about the technology. The Early majority are those who typically wait until there is evidence that the innovations work and are worth investing. Majority of them require convincing through success stories and generally wait for early adopters to give feedback on their experiences before adopting. Late majority, a category characterized by people who are cautious of any change and only try new ideas once a majority of others have. They also rely on success stories but require more and wait until they are sure the risks are low compared to benefits. Finally, Laggards, the traditional and conservative group that is skeptical of any new ideas and only change because they have to. This group does not welcome change and it is very hard to convince them. Majority of time they adopt when they realize that failing to do so will result in more risks. Some change because they are forced by unconventional means such as fear appeals, radical government policies, or pressure from those who have already adopted innovation.

In conclusion this theory helped understand how dissemination of new ideas, communication routes, social structure and time impact ways in which SMEs adopt innovations. It helps in understanding how they adopt to specific internet tools over others, used the tools

to reach their client and why some SMEs adopted internet earlier than others in internationalizing their firms.

2.4.2 Technology Acceptance Model

This model was developed in 1989 by Davis and became one of the most utilized theories in analyzing the application as well as acceptance of technology and information systems by various users. It has undergone extensive studies and utilized by many studies exploring how people accept technology and their attitudes towards various information system establishments. In this model there are two determinants of whether a specific technology will be accepted in a society that include how people perceive its usefulness or value as well as ease of using. Davis defines perceived benefits as potential user's subjective chance that using a specific technology will add value and make a positive impact in their lives. Adams et al. (1992) report that how a technology is seen as beneficial affects both attitudes and actual computer usage. SMEs must be convinced that the internet adoption will be useful in expanding their business and in reaching international market. The theory will help explain how SMEs owner derive internet usefulness or its perceived usefulness in agreeing to adopt internet for internalization of their products and services.

How a technology is seen as useful determines whether it will be accepted in any given society. Perceived ease of use (EOU) (Adams et al., 1992), refers to the extent at which a customer can easily utilize the technology to serve his or her needs. If the technology requires little to no effort to install and operate, then SMEs can be persuaded in embracing and using it. If the technology poses challenges in ease of use, then SMEs will find it hard adopting it in their internationalization efforts. In conclusion, this study looked at how SMEs use

internet for internationalization purposes. This theory helped our study in establishing the purposes for which SMEs use the internet for international business.

2.2.3 Social Exchange Theory

Social Exchange Theory posits that behavior at the social level results from an exchange process that allows members to benefit from each other. It has been extensively utilized in social psychology with studies going back to 1961 by Homan (Cook & Rice, 2006). The theory derives from a utilitarianism on the one hand and behaviorism on the other, from which early philosophies and psychological studies stem. Exchange theory has been one of the primary theoretical aspect in the field of social psychology since the early studies of Homans (Cook & Rice, 2006). This theoretical orientation is based on earlier philosophical and psychological orientations deriving from utilitarianism on the one hand and behaviorism on the other. According to Homans (1961, p. 13) “social exchange is the exchange of operation, felt or unfelt, and more or less worthwhile or costly, between at least two people”. Homans goes further to explain how social interactions are affected by social different types of constructs by indicating how one individual’s behavior can affect the behaviors of another person in their interaction.

Blau (1986), places social exchange at the core of social life and as the main underlying factor determining relationships between groups and individuals. He focuses on the reciprocal nature of social exchange process, where individuals derive and exchange benefits at an extrinsic level and how such processes form different kinds of social structures. Social exchange, he purports, “is a favor cycle or paradigm which involves one person a favor to another and while there is a general expectation of returning the favor, its exact nature is definitely not provided in advance” (Blau, 1986).

The theory will help us examine how SMEs owner and end users form a beneficial network in exchange of goods and services through World Wide Web and how a social interaction between firm owners and end consumer is created. Customer confidence can also be explained using Social exchange theory especially when influencing buying decisions, customer reviews play an important part. The reviews which are rated show how the company treats its customers and how seriously they take their business. These rating also influence ranking especially when a client is searching for a specific product, the highest raked websites will have the privilege of showing their products first. This explains the importance of creating beneficial social interaction with your client.

Social exchange theory would be a valid model for investigating and providing insight on ways that people create networks, air their ideas, and exchange information to one other in applications such as Wikipedia, YouTube, Facebook, Quora, and Twitter. Social exchange theory augments interpersonal communication as it grows from shallow interactions to deep relationships. Persons are not only attentive of what is around them but also attentive of their awareness. This theory suggests that human beings feel concerned for other people's needs, which enhances communication in an effort to help each other. The theory is applicable to for internationalization using internet because it highlights factors that are at play when building relationship through exchanges that create mutual benefits, especially SMEs consumer category patterns in relation to adoption of internet. These factors must be taken into consideration to ensure there is a win-win situation as well as effectiveness of their internationalization efforts.

CHAPTER THREE: METHODOLOGY

Overview

This chapter focuses on methodology, where the research approach, design of the study, site, analysis tools, sampling methods, instruments, data collection methods, presentation of data, analysis and ethical considerations of the study are outlined and discussed.

3.1 Research Approach

To explore the research problem, this study utilizes a mixed method. Mixed methods are extensively utilized in social, health, and behavioral research (Cresswell, 2015). It simply means gathering both quantitative and qualitative data, with the latter seeking to answer questions such as how and why, while the former focuses on quantity or numerical figures. Also, the former utilized close-ended questions while the latter uses open-ended. They are then combined to draw conclusions and make recommendations. The approach will involve numerical data and testimonials from participants.

Qualitative data was obtained from SMEs owners. This was done through interviewing the respondents. Using qualitative approach helped the researcher get quality information, gain an understanding of the underlying reasons and motivations for adopting internet for SMEs internationalization and established how SMEs owners provide testimonies of their experiences with the use of internet for internationalization. Qualitative data provided

in-depth insight into the problems facing the SMEs, which helped in generating ideas and explaining quantitative data and creating a hypothesis and recommendations.

Interviews helped the interviewer identify internet tools used by SMEs in Kenya. Interviewing respondents also helped in establishing how SMEs use internet for internationalization as well as finding out the specific internet tools used for internationalization process. Quantitative data was obtained by surveys to the respective SME and helped the interviewer in establishing consumer category patterns in adoption of internet. Combining both qualitative and quantitative data provided more insight into the problem than either could have done without the other.

3.2 Research Design

The research design outlines the model utilized to undertake the study and details the methods employed in collection of data and measurement analysis. According to Kerlinger (1986), research design is the model and structure of examining so conceived as to get answers to research questions. Thyer (1993) defines a research design as a model or well structure plan for how a research study is to be done, working with variables so they can be measured, choosing a sample of interest to study data to be pursued as a foundation for testing theories, and analyzing the results.

The convergent research design was utilized for this research. The design was ideal for this research considering the researcher collected quantitative and qualitative data simultaneously in order to compare results and analyze any discrepancies. The research design was useful in assessing influence of internet in internationalization of SMEs (Creswell, 2015).

This design provided both a quantitative and a qualitative data that gave an insight of the main issues and factors at play from all possible angles. Their combined use offered a wider perspective making it easier to gain an in-depth understanding of problems facing SME in their quest to internationalize (Creswell, 2015).

3.3 Study Site

The study was conducted in the offices of registered SMEs that are operating within Nairobi County. The study site included any SME that has proper ICTs system installed in their premises. These systems include hard wares such as computers, PC, cables and routers. The owners of the study site were knowledgeable about World Wide Web and had used it at one point in making a transaction. The participants were chosen because of their knowledge and skills in using World Wide Web and good knowledge of regional and international market.

3.4 Unit of Analysis

For this study, the unit of analysis was made up of; SMEs with proper internet structure, SMEs owners with knowledge of working with internet and/or employees in these firms who are familiar with the company's objective as well as having good knowledge of internet tools. In this study, SMEs which have been in operation for the last four years were studied. SMEs were compared against each other for the rate of internet adoption as the study sought to establish which early adopters, which are laggards and so on.

3.5 Sampling Techniques

Sixty SMEs were taken from the manufacturing sector (identified in the study population) as representatives of the SMEs community in Kenya. This was a total of 60 SMEs from the study population. Purposive sampling and Random Sampling (for qualitative data and quantitative data respectively) was used to develop the sample for this study. 30 SMEs provided qualitative data while the rest derived quantitative data. The researcher used his own knowledge of SMEs that are internet enhanced as well as referrals to bring the SMEs on board. The key informants for this study were SMEs owners or their assistants for the Qualitative data, which helped in building individual perspective. The SME owner acts as the representative of the company and is expected to be knowledgeable with all the information needed and has a deep understanding of what the enterprise is capable or incapable of doing in terms of using internet for internationalization purposes. In situations where the owner was not available for the interview, the assistant represented him/her behalf as a respondent so as to enhance response rate. This technique was chosen to ensure adequate coverage of SMEs in Nairobi County. Purposive sampling was also used to select sample members according to their understanding, relations and specialty concerning the research subject.

3.6 Data Collection Method

For reasons influencing this investigation, personal interviews and surveys were used. Interview is essentially a person-to-person interaction. An interview entails an interviewer making enquiries to respondents and documenting their responses.

Semi-structured interviews were used in this study; where the interviewer asked only a few predetermined questions then the following questions were random. The semi- struc-

tured interviews allow discussion of new discoveries during the interview because of what the interviewee says. Personal interviews are beneficial by involving personal and direct contact between interviewers and interviewees. Further, it eliminates non-response rates from interviewees. However, interviewers need to have developed the essential abilities to successfully conduct an interview (Spyros, 2014). Another advantage of using semi-structured interviews is that the interviewer can have additional intervention entailing giving more expansion to clarify your question (when necessary), and to request respondents to avail more definition if their answer is vague. That is, it gives more room for probing.

The interviews were in person by the enumerator except for those who were traveling and were not available during the data gathering period, then skype and phone interviews were scheduled. To collect quantitative data, online surveys were sent to respondents who had been randomly selected and had been notified over a phone call and had accepted the invitation.

3.7 Research Instruments

An interview schedule was used as one of the research tool for this study. The interview schedule consisted of a recorded list of open-ended and closed questions, methodically pretested for uniform wording, denotation and understanding. The pretesting was done to a similar audience specifically those who had knowledge of internet and had used it to do an online transaction. Online surveys were sent through Survey Monkey and the respondent received the survey through the provided email addresses.

3.8 Data Analysis

Thematic analysis will be applied as data analysis tool, which was gathered from interviews. Braun (2006) notes that this analysis comprises of a constant moving back and forward on whole data set. The constant back and forth approach also happens on the coded extracts of data that you are analyzing, and the analysis of the data that you are producing. The codes and techniques of thematic analysis will serve as an ultimate basis for cataloguing the data and the following denotation of meaning because they allowed a degree of elasticity that suited the investigative nature of the inquiry and, simultaneously, complemented the flexibility offered by semi-structured interviews. (Appelgren, 2007).

Recognizing a theme will be done by looking for repetitions, categories and similarities from the respondents' answers. Thematic analysis will use a six step process in analyzing the data gathered from the interviews. These steps are: Familiarization with the data, allocating preliminary codes to the data in order to define the content, probing for designs or themes in the codes across the various interviews, revising themes, defining and naming themes, and finally producing the report.

The analysis of the data will be on three main areas viz: examining the most prominent Internet tools used by SMEs for purposes of international interactions, determining the purposes for which SMEs use the internet for international business and establishing SMEs consumer category patterns with respect to adoption of internet technology for internationalization. Regarding actual internet tools used in Kenya, the researcher will look at different tools used by SMEs and their prominence among the select SMEs, if one tool, for example, emails, is used by all SMEs in reaching global market will mean that the tool is preferred and

predominantly beneficial over other tools (this will be determined by assigning specific codes from the respondent answers and categorization of the codes).

In addressing purposes for which SMEs use the internet for international business, this study will analyze the number of SMEs who have reached international market and how internet is playing a part in furthering their efforts to do so as well as understanding what specific purpose they use internet in reaching global market. A high number of SMEs reaching global market will mean that internet tools are playing a big part in internationalization (similarity and differences in coding structure will be used to analyze this data). In answering consumer category patterns with respect to adoption of internet technology for internationalization, the researcher will look at the consumers at how consumers relate with the SMEs on their website or any other internet tool the SMEs adopts (categorization is one important element in thematic analysis and will be used to analyze this data).

3.9 Data Presentation

Having analyzed the data collected through qualitative method, the findings were presented in narrative form while quantitative data was presented using tables, charts and percentage.

3.10 Ethical Considerations

This study was subject to particular ethical issues. Respondents were fully aware regarding the objectives of the study. Further, they were reassured that their answers will be kept confidential and used not only for academic purposes but also for the needs of this par-

ticular research. Consent from the respondents before undertaking to collect data from the field was required. The researcher tried to create a favorable atmosphere during the interviews.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

Overview

This chapter focuses on analysis and interpretation of the data following data collection process. The information is presented infographically according to the interviews, surveys and complemented by the researcher's own interpretation.

4.1 Participation and Response Rates in Interview

The response rate to my requests for interviews and survey with various selected participants was encouraging. Within the select SMEs selected for interviews was mostly achieved. Out of the thirty SMEs initially selected, 26 were interviewed and four of them did not make it to their office on the interview day as they were working from home. The interview participants were a significant representation of the sample as it represented 86% of the intended sample size. The selected SMEs for survey was fully achieved. I had sampled 30 SMEs for survey but I got 43 SMEs mostly through referrals and that was more than my intended sample. I surveyed all of them and 37 responded which is a significant number capable of providing adequate data for this research.

4.2 Research Key Findings

In this segment, I discussed findings from the data collected through the interviews and survey. The data was taken in accordance with the research questions raised at the beginning of this study and key issue addressed in the literature review.

4.2.1 Internet Tools Used by SMEs

From the interviews conducted, all SMEs were using both email and website as an internet tool in their office. The internet infrastructure was mostly broadband. Additionally, some SMEs were using accounting software as an internet tool in their offices while others occasionally used search engines, file transfer protocol and voice/video conferencing. The preference of internet tools used depended on the kind of work the individual SMEs were trying to accomplish.

Q1: What type of internet tools do you use?

S1: “Website.”

S2: “Mostly email.”

S3: “Emailing system”

S4: “I mostly use video and voice conferencing”

The quantitative data indicated emailing as the most popular form of internet tool utilized by SMEs while video conferencing is the least used internet tool among the SMEs. Emails and internet were the most utilized resources at 87% and 85% respectively. 83% of participants made use of search engines (Google Business) while FTP stood at 46% utilization (refer to fig.4.1 for internet tools utilized by SMEs).

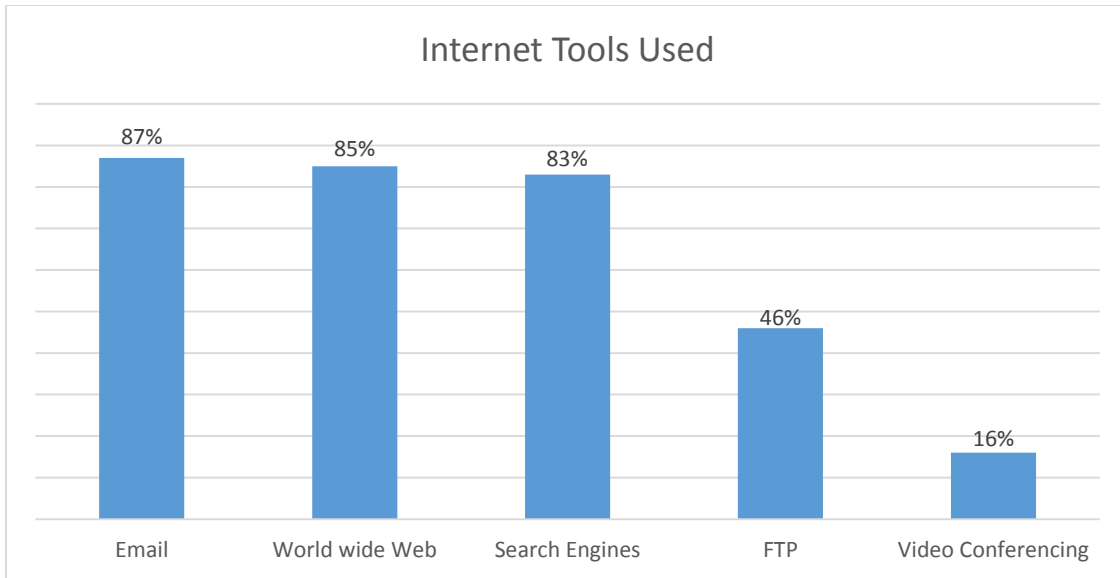


Figure 4. 1 Internet tools used by SMEs

The use of email had advantages for the SMEs as it made international communication easier, by providing instructions for customer especially on how to make transactions and how the product works if they felt the information provided on the website about the product was not sufficient. Video/call conferencing was used to assist clients who were still having trouble even after been assisted on the email.

SMEs interviewed had several reason for installing internet in their offices. Nearly all SMEs indicated that the reasons they installed internet structure in their offices was for internal communication, communication with suppliers and marketing of their products on internet.

Q2: What was the main reason for installing internet structures in your office?

S7: “Market research and information gathering”

S10: “Internal and external communication”

S23: “Aligning with the evolving modes of communication”

S13: “Ease our communication process with suppliers.”

One SME indicated that their main reason for installing internet in their office was to integrate oracle into their system while another SME indicated the main reason for installing internet infrastructure in their office was to digitize their operation.

Another SME indicated that they found themselves at a disadvantage whenever the suppliers in neighboring country wanted to send some documents but they had to rely on Posta and couriers. They decided to come up with a quick way of communication that will help them save time especially in delivery of crucial documents:

S4: “Some financial software such as SAP which could help us to digitize transactional flow from processing invoices up to issuing receipts after payment confirmation.”

S5: “We were looking for a quicker way to confirm orders and verify purchases.”

The survey carried out indicated that the major reasons for SMEs installing internet was for communication (internal and external) and administrative support 90% and 89% respectively. 70% used the internet for researching the market, product and their competitor while 50% use it for sharing resources. (See figure 4.2 for reasons why SMEs install internet).

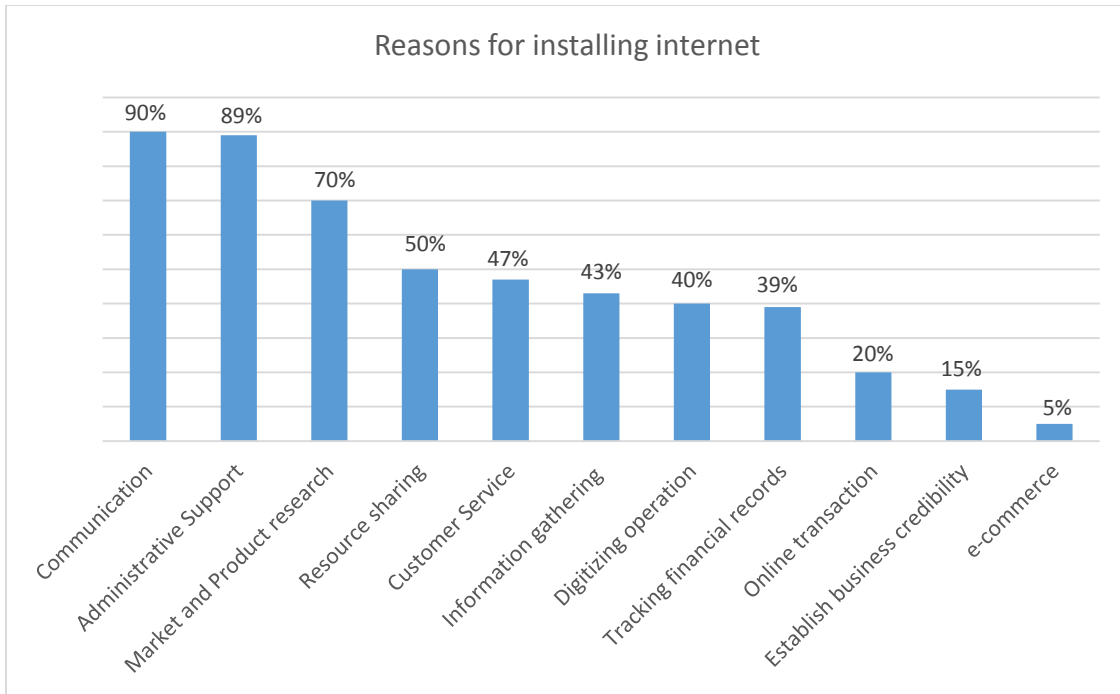


Figure 4. 2 Reasons for SMEs Installing Internet

Out of the 33 survey respondents, 10 had used internet for less than two years, 10 had used internet for more than 2 years but less than 5 years while 17 of them had used internet for more than 5 years. All the 26 interview-respondent had used internet for more than 4 years.

4.2.2 Internet and Internalization of SMEs

Participants of the study utilized innovative strategies aimed at marketing and gaining a competitive edge within the dynamic digital market. They had managed to penetrate regional market especially in the East African Community. By the help of internet, they had managed to get agents in various countries in East Africa and had opened offices in these countries where orders for their goods were made. Furthermore, the participants felt that internet has opened them to the outside world and they are now discoverable in the global market. They can now communicate faster with the companies that sell them raw materials, prospective and established customers as well as allow their supplier check what they offer using

their web pages. While emails were the most vastly utilized for communication with existing clients, websites ranked first as the most useful for initiating a contact point with potential international clients. The website provided a product catalogue with the email contact in case the customer wanted to reach out to find out more about the product. A quick analysis of the websites set up by SMEs revealed that no SME had set up an ecommerce site. The researcher also noted that none of these SMEs had formed an online networking system.

Additionally, e-mail-based newsletters offered some SMEs avenues for communicating internationally with minimal delays between the exchange. The participants who have regional presence echoed that internet has enable them to facilitate their regional offices and supplying products as per the request of their regional offices.

Q4: How has internet enhanced your brand name or promoted you as a global competitor?

S6: “communicating with our regional suppliers and individual customers.”

S18: “marketing of our products to our regional customers.”

S17: “communicating with our suppliers and distributors.”

Besides been discoverable, the respondents felt that they were able to look up on the internet and find suitable distributors within the East African region who can help them distribute their goods.

The survey data showed the purposes that SMEs used internet for internationalization was internet market research (45%) and identifying potential customers (40%). Figure 4.3 demonstrates the purpose for which SMEs use internet for internationalization.

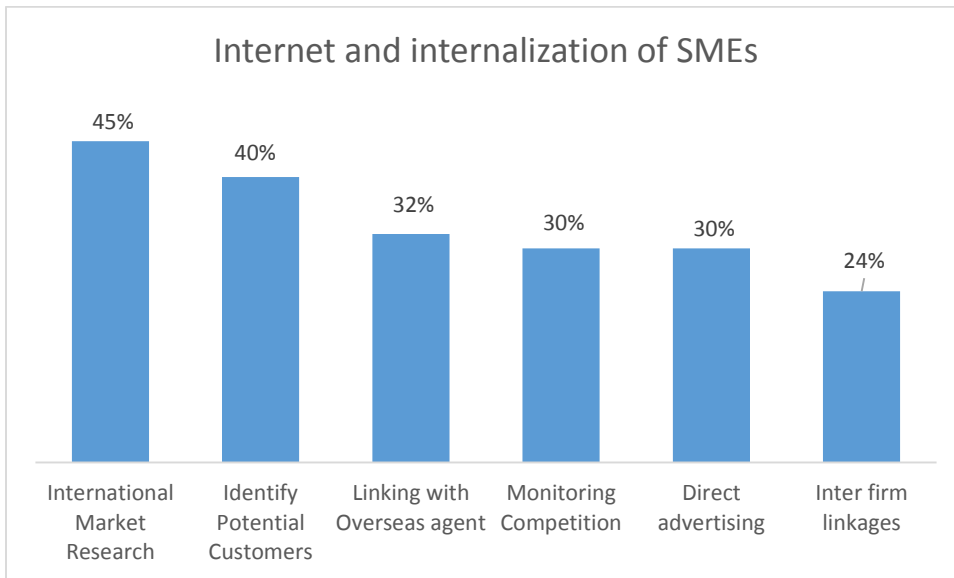


Figure 4. 3 Internet and Internationalization of SMEs

Most SMEs were confident that internet could help them reach international market. The respondents felt that by using internet, they would be able to connect with other SMEs in the global arena, do extensive research on the market trends and gather customer feedback, which will be able to help them improve on their product. One particular SMEs said that internet has helped them monitor what their local and international competitors are doing and responding appropriately.

Q5: Do you think that using internet can help SMEs reach international market?

S6: “Yes, it can help me understand my competitor and try to keep in the same pace with the competitor.”

S26: “Yes, Internet can help understand what customers are looking for as well as the changing trend in consumer needs and my products accordingly.”

S22: “Yes, Internet will help organize trade fair and promote showcasing of products on the World Wide Web as well as connecting us to our suppliers.”

SMEs are using internet in their marketing efforts. This particular SME, SME 22, felt that with government help, they can be allowed to showcase their products in the international trade fairs. After observing SMEs in other countries adopting internet in marketing their products and after internet becoming the new normal, the respondents embraced internet as a way of direct advertising of their products. Participants cited that websites provided useful information concerning the company as well as goods and services description to prospective buyers. They also encouraged feedback and interaction through surveys and online polls.

Q9: What have you learned from SMEs in other countries that are using internet for internationalization?

S12: “Manufacturers in China have been able to come together under Alibaba and have penetrated markets in not only developing countries but developed economies as well. With an array of products sold by different SMEs, consumers are able to choose a product that suit their needs.”

S14: “These countries are using internet to not only sell to the clients but also in mining information about their current and potential customers’ buying behaviors”

S21: “What we are witnessing is a new economy built by the internet and as a country which struggle with unemployment, there is so much we can borrow from these countries.”

However, all the interviewees had not managed to penetrate the overseas market because of the cost of shipping, restrictive international policies and most expressed their uncertainties concerning effectiveness of using the internet as a tool for internationalizing their businesses. When it comes to internet networking, the SMEs did not stand a chance as international players were looking for ways to get to the Kenyan market without helping the SMEs on how they can penetrate their market. Furthermore, trade deals with international players limited internet networking to a one-sided relationship as international markets prefer exporting to Kenya rather than importing.

Q10: What other ways do you think can help SMEs reach international market?

S6: “Factors such as competitive rates, common currency, taxes need to be looked at if we are to succeed in penetrating international market.”

S18: “The government should capitalize in making sure raw material are available and can be sourced locally as this would cut the cost of production by maybe a third.”

S9: “SMEs should join and create a formidable network that can help them penetrate any market they choose to.”

The respondents identified thorny areas in which, if addressed will enable them to take on international markets. The respondents echoed the need for the government to ease the policies and negotiate for competitive rates in the export market. Low cost and high-speed internet would also help in the effort of SMEs internationalization process. One respondent mentioned that protection against hacking would help in guaranteeing that SMEs are entering a safe internet market. Most SMEs felt that easing of government export and im-

port policies will help them reach international market with minimal challenges. There were some respondents who felt that internet will help them evolve into an international supplier should the government ease their policies on export. One SME in particular said that reaching global market is not feasible even if internet structure was not feasible because the cost of raw materials and production would not be practical for them to export the product to the international market. There was still the issue of China that was offering cheap products and was preferred by international market in terms of import.

Survey data pointed toward relooking of impractical trade deals (90%), organizing trade fairs (70%) and internet speed (68%) as one of the major concerns. Figure 4.4 shows issues SMEs feel they need addressed for them to be competitive in the international market.

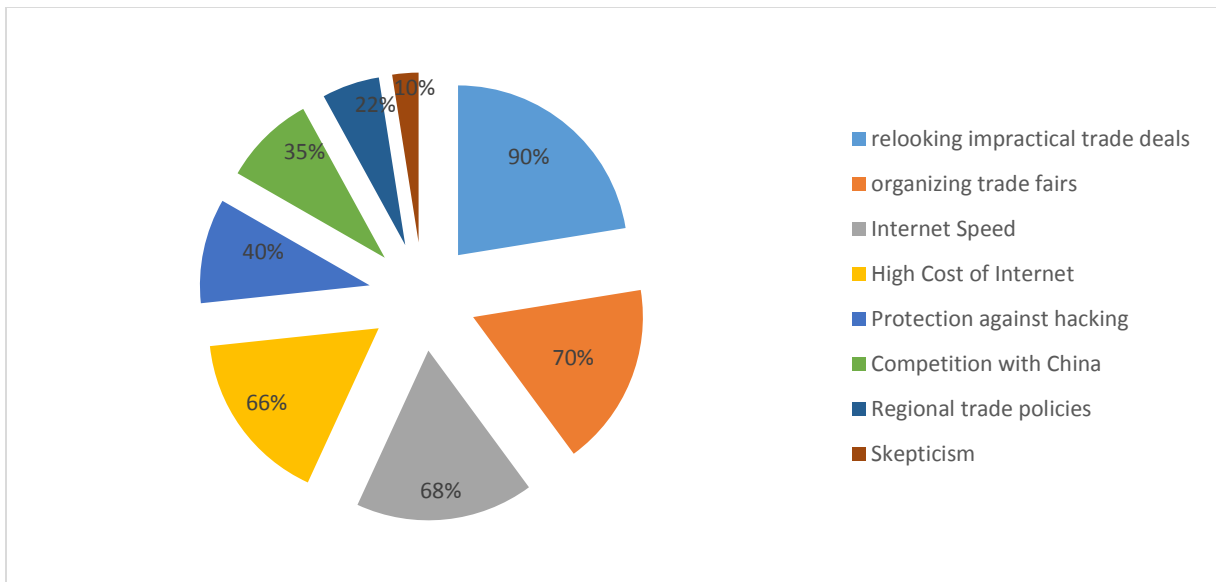


Figure 4. 4 Barriers to SMEs Adoption of Internet

The survey also pointed out that, overall, the respondents agreed that internet has the potential of increasing their visibility in the global arena. 40% of the respondents, asked how internet has enhanced their visibility as global competitors, felt that internet has not helped

them at all while 60% of the respondent felt that internet has helped them somehow. From the chart above it is evident there are some SME owners who are skeptical of internationalizing their business even after witnessing a growth in their customers' online presence but seemed reluctant in making any effort to reach the global market.

Other SMEs felt that reaching international market would not take evolution of internet and cyber space alone, there need to be a change of regional trade policies that will ease the delivery of goods across border.

4.2.3 Internet Adoption among SMEs

There are benefits that comes with adoption on internet among SMES. The respondents were driven by different internet benefits that informed their decisions to adopt. 90% of the respondent believed by adopting internet they had experienced and improved internal and external communications while 87% indicate that internet had helped them improve information gathering. Table 4.1 shows the benefits that drove SMEs to adopt internet.

Table 4. 1 Benefits of Using Internet

Benefit of Using Internet	Percent
Improved Communications	90%
Research	87%
Ability to reach out to international markets	70%
Creation of new markets	68%
Reduced costs	30%
Easier entry into new markets	33%
Increased productivity	45%
Better service and support from suppliers	60%
Greater customer satisfaction	42%
Increased productivity	60%
Increase in market share of products services	70%
Better awareness of business environment,	80%
Availability of expertise regardless of physical location	56%

However, the respondents indicated that internet adoption has been hindered by several challenges but SMEs were positive in overcoming these challenges. Challenges such as Security, Lack of Internet knowledge and complexity were among the top of the list in hindering SMEs adoption of internet for internationalization:

Table 4. 2 Barriers to Internet Adoption

Barriers to Internet adoption	Security Lack of knowledge Cost of Investment Limitation of infrastructure Uncertainty about the Internet Limitation of personal contact Lack of universal electronic payment systems
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About users’ interaction on the website, most respondents indicated that most of their users came through the website whether they were suppliers or a direct customer. 30% of the respondent indicated that at least 20% of their customer base come to them through their website while 40% indicated that at least 40% of their client come to them through their website while the rest indicated at least more than a half of their client base come through the internet.

4.3 Discussion on Key Findings

This paper sought to explore whether SMEs in Kenya’s manufacturing sector are using internet to support their internationalization process. The findings indicate varying influence of internet resources in internationalization of SMEs within three categories: internet tools used by SMEs, SMEs perception of internet as a tool for internationalization process and how SMEs adoption of internet influence different consumer behaviors.

The finding from our study broadly agree with previous study done on internet tools used by SMEs. Their study found out that email plays a central role in communications among businesses (Moody, 1997). This study found out that emails are the most important and widely used internet tools by Kenyan SMEs. Nearly all SMEs interviewed and surveyed were using email in their communication strategy. The SMEs were also using emails in sharing information and files across the regions either with suppliers or with their agents. Chapman (2000) had cited that emails are used by SMEs to share electronic files within seconds without degrading the quality of the files. Further to my study, the findings of this research show that SMEs are using emails in marketing, sharing of information and customer services. The study confirms earlier studies done by Simmons (2007) and Heini and Heikki (2015) who points out these SMEs are widely using emails for marketing, building relationship with customer and for advertising.

The Technology Acceptance Model theory used in this study dictates that the two determinants for technology acceptance among individuals are ease of use and its perceived advantage. The data collected from SMEs shows that the use and acceptance of emails apart from the advantages that have been outlined can also be concluded that it is easy to use.

Although Felix and Coleman (2010) had studied the behaviors of SMEs in using File Sharing Protocols (FTP), this study found out that SMEs did not widely use these platforms, as document sent over emails were not big in size to be downloaded or transferred via FTP. However, the SMEs were using Wetransfer for medium and small size files and most of their documents were shared on a common cloud storage such as Google Drive and Dropbox. World Wide Web, another popular technology in business community according to Felix and Coleman (2010), was common among the SMEs under this study. This study found out that

SMEs were using internet in marketing, sales, research/information gathering as well as monitoring their competitions. Internet enhances gathering of information, as it is available on the web in a matter of a click.

The use of internet in these SMEs compliments email system as users can search products online and interact with various product listings before making a buying decision. SMEs are sufficiently using internet and have good understanding of how internet tools work. Although previous studies indicated that SMEs can use website in direct marketing and in store shopping (Hsieh & Lin, 1998), this study found out that SMEs in Kenya use websites for marketing purposes only and there is no e-commerce site set up which can help sell internationally, retarget customers and gather customer and market intelligence (Thomson, William & Thomas, 2013)

Hsieh and Lin (1998) had pointed that the most powerful form of web presence is an e-commerce site. An e-commerce site involves listing your products on the web and including an online payment system that allows the consumers to do online transaction with the web. None of the SMEs were using this merchant system which means, according to Thomson, William and Thomas (2013), they will end up losing out on such advantages of using ecommerce sites as customer retargeting and intelligence gathering.

This research does not confirm previous studies on the use of networking among SMEs in their internationalization process and contributing new ideas and exchange of resources within various networks. Strong ties among SMEs result in favorable and higher correlation with international performance. Because of their small size, SMEs do not have the international competitive advantage and are recommended to work in cooperative networks

and clusters in order to advance as well as accelerate the internationalization process while improving their rate of success. (e.g Coviello & McAuley, 1999; Kenny & Fahy, 2011; NCC, 1999). This study found out that SMEs in Kenya mostly operate independently and the only network they form with other firms is that of their suppliers of raw material who are mostly out of the country. Social Exchange Theory explains the important of organized behaviors and how SMEs can borrow from this theory and use social interactions in reaching international markets.

However, the research confirmed SMEs use internet in searching of information on new customers' base and partners monitoring competition (Moen, Madsen & Aspelund, 2008). The study found out that SMEs are using internet for product marketing which has been successful across the East African Region. The SMEs are discoverable regionally and by working with agents and distributors online, they have been able to penetrate these markets successfully. Additionally, this study found out that the use of corporate sites, where the SMEs used the web to display products and services that they are selling helped the SMEs become discoverable by clients and suppliers outside the country. The corporate sites are included in Google Business pages where potential clients search for products offered and if an SME offers these products, then they appear on Google SERPs. The virtual presence portrays an SME as a company on the cutting edge to its customers and competitors (Angell & Heslop, 1995). The SMEs interviewed were using Search Engine Optimization to help their products and their corporate information appear in the Search Engine Results Page. By using specific keywords related to the products they are selling, these SMEs increased their visibility on the web. Study done by Heini and Heikki (2015) confirmed that the purpose of SEO is to improve their web search engine rank in organic research results.

The findings from this study supports the view that internet adoption among SMEs take different pace as explained by Diffusion of Innovation Theory previously mentioned in this study. The SMEs evolve from the completely indifferent firms, to partially interested, exploring, experimenting, experienced small exporters, and finally to experienced large exporters (e.g Czinkota, 1982; Kotelnikov, 2007). The study found out that some SMEs were completely uninterested, others were exploring and some were experienced small exporters.

As Ongori and Migiro (2010) pointed out that some SMEs do not internationalize because of such factors as lack of security, lack of human capital and finances, this study found out that some SMEs considered internet cost in Kenya expensive and insecure cyber space a threat to their efforts in reaching global market. Another aspect of internationalization is that it depends solely on internet users who are willing to buy the product as well as cost of shipping. These users have standards and especially where e-commerce is involved, a star rating and review comments are used to help other users in making a buying decision. Most SMEs lack the human capital to carry out these functions and sometimes lack finances in setting up these e-commerce websites. Some SMEs cited complexity of operating these sites as another reason why they have not set up e-commerce sites.

Although lack of critical mass of users had been cited as a major barrier when considering installation of internet infrastructure in my background of the study, SMEs recorded at least 50% of their client base interact with their website and are ultimately converted. The implication of these findings is that users first point of interaction with the SMEs is through their websites as they browse through the web looking for the best product from a variety of-fered by different companies.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

Overview

This chapter summarizes the research, makes concludes and recommends ways that SMEs could use internet to globalize as per the findings. The areas that need further study have also been highlighted.

5.1 Summary

The study sought to investigate whether SMEs are using internet for internationalization purposes. To achieve this purpose, the study endeavored to study internet tools used by SMEs, how the SMEs use internet tools in their internationalization purposes and whether SMEs adoption of internet has any impact on their consumer behaviors. The study was carried out within the manufacturing sector. The study established that SMEs are using different types of internet tools and major tools used to reach out to client and sharing information are emails and world wide web. SMEs understand the importance of these tools in driving their businesses and increasing their visibility. SMEs are using emails to share information with their clients, responding to clients issue as well as sharing electronic files such as invoices, quotes as well as validating payment receipts sent by the clients. Some SMEs are also taking advantage of email marketing by sending a catalogue of their products as well as keeping tab with their clients by sending them a monthly newsletter.

Worldwide web, another powerful and widely used internet tool, is used by SMEs to showcase their products, share contact information such as email and phone number as well as corporate information. The websites are the first point of contact for the client and if the

client is not impressed by what is on the site, then the SMEs will end up losing a sale/customer. Websites are also used for marketing, advertising as well as giving competitors a chance to know what you are up to. Although an e-commerce site is a powerful tool that can help convert site visits into sale with minimal intervention with sales people, this study found out that SMEs in Kenya do not have such site. If a client is interested in purchasing a product, then they'll have to call sales agent using number provided on the website. SMEs were employing other tools such a Search Engine, FTP, video/audio conferencing as well as file sharing online tools such as Dropbox and Google Drive.

The study found out that SMEs are using internet for internationalization purposes albeit not in an organized and deliberate way. SMEs interviewed did not network amongst themselves to support their effort in internationalization process. They were not promoting knowledge sharing and resource exchange amongst themselves that could help them take on the international market. SMEs in Kenya prefer to work individually and only form networks with their suppliers and distributor. The SMEs which were interviewed used internet in researching customers' behavior and monitoring competition. These SMEs have had success in accessing regional market in East Africa. Some have offices in these markets and some are using informal agents and distributors. These SMEs are using corporate sites where all information needed about their products and services is put as well as contact information. The SMEs use Search Engine Optimization to increase their visibility in Google SERPs (Search Engine Result Pages) and have their details submitted to Google Business where other users can view the nature of business and browse through user's review to understand other consumers' view of the business.

SMEs interviewed were in different stages of internet adoption due to the pace of uptake and use of internet tools in their companies. The study found there were SMEs that were completely uninterested despite knowledge of opportunities presented by internet and while others were exploring, there were those who were experienced and were taking opportunities presented by internet in internationalization of their businesses. Most consumers that the SMEs got and converted came through the web especially after browsing through the listed products on their web pages. However, due to a lack of e-commerce structure the SMEs were not able to track consumer behaviors such as loyal customer, impulse shoppers and bargain hunters.

5.2 Conclusions

This study concludes that emails and world wide web among the most common tools used by SMEs. Emails are used by SMEs to communicate among business, marketing, sharing of information and files as well as doing customer service work. (Chapman, 2000; Moody, 1997). Emails are central in building the firms communication strategy especially in the area of marketing, customer experience and advertising. This was concluded by the study of Simmons (2007) and Heinni and Heikki (2015) on SMEs usage of internet.

On internet tools used by SMEs, this study further concludes that SMEs are using Dropbox and Google Drive as file sharing and online storage tools. SMEs also use Search Engine or SERPs (Search Engine Result Pages) which is a great avenue for business to display their business, contact information and website. World wide web, this study concludes, is a great internet tools and SMEs using websites should leverage on many dynamic features such as chatbots, survey forms and online polls to understand what customers are looking for

and their experience about their online presence and products as well (Thomsom, William & Thomas, 2013). This does not ignore the fact that SMEs have done a lot in maintaining an online presence by ensuring that their websites have adequate information about their services and products which is sufficiently useful to their customers.

Internet has been instrumental in increasing visibility to many business and the manufacturing SMEs interviewed are using internet to drive their business in the regional markets. However, a lot need to be done especially in educating SMEs owners in complex internet skills needed to take on the international markets. This study also note that SMEs were not working together or with the government in increasing their chances of reaching international market. Furthermore, this study concluded that some of internationalization constraints can only be achieved if the Government steps up and support SMEs in their efforts to internationalize. This can be done through easing of trade policies, providing cheap and faster internet and protection against hacking as well as foreign competitions.

This study further concluded that SMEs need to embrace internet technology fully and instead of experimenting or been skeptical about the possibilities brought about by internet, set up proper e-commerce sites, embrace SEO and digital marketing. This can help them come up with a perfect reflection of their customer behaviors which this study found lacking.

5.3 Recommendations

Based on my research findings, this study recommends the following:

- i. SMEs should fully embrace use of e-commerce sites as an internet tool that can help them take on international market. These sites help users come to the site, view the

product and reviews from other users and if interested, buy the product. E-commerce sites have important features that can help understand consumer needs and behaviors. One of these feature is a chat bot which can help SMEs have real time communication with users while they are still browsing on the site. There are also widgets which help the owner know which products are viewed most; this can help rearrange the products on the site and feature the one that users are mostly looking for. E-commerce also help keep inventory of products sold, buyers' region and enables introduction of similar products to what the users have bought. An e-commerce site with good users' review earns potential customers' trust and it's easy for such site to target international market. The government should work with SMEs and other agencies to provide human capital in setting up e-commerce and ticketing systems for customer service.

- ii. The study further recommends networking among SMEs and collaboration in reaching international market. The SMEs in UK, China, US and other countries collaborate when penetrating international. Kenyan SMEs should create a deliberate network that can help them share knowledge and information and any international market opportunity instead of operating individually which proves to be very hard when it comes to entering new market. The government should also help organize SMEs so that they can compete in the international levels as one strong entity instead of allowing them to do it individually, which further weakens them. Furthermore, the government should negotiate for better trade policies that will allow SMEs compete in the international market with unlimited trade policies.

- iii. Finally, this study recommends SMEs to take seriously the opportunities presented by internet. Although there are some SMEs which are in the exploratory stage of internet adoption, only a handful have managed to reach full potential offered by WWW for purposes of internationalization. Many studies have proven internet is and will continue to play a vital role in reaching the global market in the future. Kenyan SMEs need to take initiative lest they completely lose their competitive position against other nations that are already reaping the benefits offered by internet.

5.4 Areas of Further Research

- i. There should be further research in the area of consumer adoption of internet in Kenya which will help inform how far the Kenyan populace have gone in terms of internet education and their perception of online transactions. This will help SMEs understand consumer behavioral patterns and come up with ways of satisfying customers' online experience.
- ii. Another study that will further enhance this research is government understanding of internet in internationalization of SMEs. Government has been insisting on the help accorded to SMEs to a point where bodies are appointed to oversee SMEs operation in Kenya such as MSEA and BrandKe. In support of SMEs in Kenya, do they understand that SMEs can reach international if an organized framework is provided and supported by the government?
- iii. This study further suggests a study on the implication of shipping companies such as Posta, EMS, DHL and TNT on SMEs internationalization process. These companies play a big role on how goods move in and out of the country and has great implica-

tion on customers' satisfaction in terms of how the goods are delivered. Are they cheap, are they professional, and are they efficient? A study seeking to answer these questions should further help this study as it will explain dynamics involved in shipping goods out of the country.

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APPENDIXES

Appendix I: The Interview Schedule

Interview Question	Initial Code	Category
1. When and what was the main reason for installing internet structures in your office		
2. What type of internet tools (emails, website etc) do you use and how long have you been using them?		
3. Do you think that using internet can help SMEs reach international?		
4. How has it enhanced your brand name or promoting you as a global competitor?		
5. Besides Marketing, how else do you use internet?		
6. What is the role of internet in promoting SME internationalization in Kenya?		
7. In your view, what improvements can be done to increase efficiency in using internet tools?		
8. What have you learned from SMEs in other countries that are using internet for internationalization		
9. What other ways do you think can help SMEs reach international market?		

Appendix II Survey Questionnaire

1. Do you have internet infrastructure installed in your offices?

- a) Yes
- b) No

2. How long have you used internet as a marketing tool for your product?

- a) 0-2 Years
- b) 2-5 Years
- c) 5 + Years

3. What type of internet access do you have at your office?

- a) Broadband
- b) Dial-up
- c) Only have access to the internet on my cellphone
- d) Do not have access to the internet

4. Do you use internet to market your products to the international market?

- a) Yes
- b) No

5. if yes, how has it enhanced your visibility as a global competitor

- a) Greatly enhanced
- b) Somehow enhance
- c) Not enhanced

6. What percentage of your clients come to you through your website?

7. What are the major barriers for using internet for internationalization purposes?

8. What were major reasons for installing internet?