

**ENVIRONMENTAL CHALLENGES FACING MULTINATIONAL
ENTERPRISES IN KENYA**

**BY
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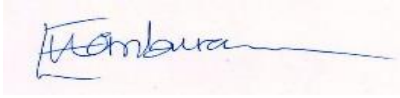
**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other university for examination.

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Sign: 

Date: **08th November, 2021**

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



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DEDICATION

This research project is dedicated to my sons Liam and Leo, I love you two!

ACKNOWLEDGEMENTS

I send my deepest and sincere appreciation to my family for giving me their unconditional love and financial support to complete this project. I also acknowledge my lecturers for the knowledge and skills they have imparted on me all these years. Finally, a word of thanks goes to my fellow student friends for their emotional support during our academic progress.

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ACRONYMS AND ABBREVIATIONS

MNE	Multinational Enterprise
COMESA	Common Market for Eastern and Southern Africa
SPSS	Statistical Product and Service Solutions
WTO	World Trade Organisation
MNC	Multinational Corporation
HQ	Headquarters

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ABSTRACT

Multinational Enterprises play an important role in the economy of host nations. They achieve this through foreign direct investment, corporate social responsibilities, tax remittances, and transfer of knowledge. However, despite their immense economic contributions, multinational enterprises face a myriad of challenges that impede their operations which leading to suboptimal organizational performance in terms of productivity, competitiveness, and profitability. This study, therefore, sought to achieve the following objective: To determine the environmental challenges facing multinational enterprises in Kenya. The study used a descriptive research design where a total of 58 participants were selected for the study through simple random sampling. The collection of data was through use of a structured questionnaire. Data analysis was done using SPSS software. The study used descriptive statistics percentages and frequencies for data analysis and findings presented using tables. The study established those multinational enterprises mainly faced economic and technological challenges that hampered their operations. The study recommends that multinational enterprises should engage the Kenyan government to effectively address the impending environmental challenges facing MNEs in Kenya. MNEs should invest in new technological innovations to sustain their competitive advantage especially due to the recent COVID-19 pandemic.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Multinational Enterprises (MNEs) are key components of international business. As their name implies, they are enterprises operating in a wide range of environmental settings which they must contend with. This broad range of environmental settings comprises diverse features which are not like those experienced by local and domestic firms i.e., they are complex, dynamic, volatile, and multi-faceted. These characteristics therefore have a huge effect on managerial decisions of these MNEs. They must constantly and regularly scan the environment for survival.

Multinational enterprises are the main players in international business. Others include governments, non-governmental organisations, and citizens of these countries. International business is a modern business phenomenon which involves exchange of goods and services across national borders, transfer of technologies, as well as the transfer of capital between one entity and another. Typically, MNEs are established in their home countries and later extend operations in other countries whilst maintaining a central office (Kedode et al., 2020). This has been enabled by the advancement in technology including communication, information processing and transport/logistics. There has also been a tremendous push for governments to eliminate barriers to trade and advocate free trade.

There are various forces in the international business environment which present challenges to all MNEs. Political and legal forces are derived from government regulations, legal procedures, and political climate of a country. Economic forces can be in the form of taxation, interest rates, inflation, foreign exchange, and economic recessions. Social- cultural forces affect consumer habits and their buying patterns, people management, society attitudes towards foreigners, population growth rates and age distributions Technological forces pertain to business innovations that lead to competitiveness and include research &

development, automation, technology incentives and the rate of technological change. Ecological factors of the environment imply all those aspects of the physical environment which include physical features like water bodies, forests, mountains etc. and their effects on businesses.

Kenya being a developing nation has recently lost its appeal as an investment hub to foreign firms, a phenomenon that has continued to the present (Cheptegei and Yabs, 2016). This is due to the numerous challenges faced by these MNEs. For example, Sameer, ShopRite, Colgate Palmolive among others have already left the Kenyan market due to high cost of production.

It is thus a worthwhile effort to examine the challenges environmental forces may occasion to MNEs more so within Kenya. This will equip managers of these enterprises with information that they can use to come up with competitive strategies. The Kenyan government can also use the findings of this research to come up with policies that will benefit this MNEs.

1.1.1 Concept of International Business

The concept of international business is a modern business phenomenon. International business involves exchange of goods and services across national borders. In its simplest form, it involves exporting and importing of goods and services. International business also involves the transfer of technologies and knowledge. This occurs when the owners/originators of these technologies disseminate the information from one organisation to another. Lastly, international business also involves the transfer of capital between one entity and another.

According to the world trade organisation (WTO, 2019), international business is said to be worth \$25.4 trillion. This means that they are a great contributor to the economies of both the home and host countries. These MNEs sprung across various sectors including manufacturing, retail, banking, hospitality etc. They also range from very big firms in terms of asset base to medium and small firms. Examples of widely known MNEs include Coca cola, McDonald's, Barclays bank, General Electric, Samsung, among others.

The advancement of international business phenomena has been pushed forward by elimination of barriers to trade by governments also known as “free trade”. Free trade advocates for free movement of goods, services, and human capital across national borders. This concept has further been advanced by advancement in technology including communication, information processing and transport/logistics.

The key players of international business are MNEs and MNCs who are the initiators of international business activities. The other players include Governments, Non-governmental organizations, and the individuals of the host countries. Government’s role in international business includes facilitation and regulation of international business activities. The main aim being to protect its consumers against fraudulent firms. The NGO’s role in international business includes advocating and lobbying for public interests benefiting the civil societies. Lastly, the individuals of host countries offer a market for the goods and services as well as human capital.

There are four major international business activities. The first being exporting and importing. In exporting a company sells goods and services to a foreign market without investing in that country. That means all production is done in the host country making it the most cost-effective method and has the lowest risk. In importing, a company brings in goods and services from another country.

The second activity is licensing. In this case the enterprise charges a fee to a company in the target market to use their property e.g., trademarks, brand name, logo etc. In this way there is little or no investment in the target country offering a great return to the MNE. A good example is Microsoft which has license agreements with companies across the world.

The third activity is foreign direct investment (FDI) where the enterprise invests directly in the foreign market. This can be done by establishing a new company or acquiring an existing one. This method requires a lot of capital investment. Foreign direct investments are typically done in countries that offer cheap resources including labour.

The fourth one is joint venture. A foreign company can come together with a local company to jointly own a business to share costs and profits. This requires a lot of negotiations and

guidelines on who owns what and who does what. Finally, is through Franchising. Though like licensing where a franchisee must pay fees, the rules, regulations and conduct of business are stricter because the owner dictates how the business runs.

There are numerous reasons why an enterprise would wish to trade abroad. Due to growing competition at home most MNEs choose to trade abroad in search for bigger markets, search for cheaper labour, availability of natural resources, favorable political environments, technological transfers, diversification etc.

International business players offer various benefits to the host countries for example provision of employment, foreign exchange, income from taxes, among others. Consequently, MNEs have an influence on politics, economics and social circles of the country (Csomós and Tóth, 2016). They can also cause harm in form of resource exploitation, depletion, dumping etc. and therefore it is very important for the stakeholders of these countries to study them.

1.1.2 International Business Environment

Multinational enterprises operate in the international business environment which is quite different from the domestic business environment. These differences are brought about by its characteristics which include complexity, variability uncertainty and volatility. These characteristics therefore have a huge effect on managerial decisions while they run their operations as they can pose as challenges. Management must therefore constantly and regularly scan the environment for survival.

The various facets of the international business environment determine its complexity. There are a lot of interconnectedness with various forces relating to each other (Snihur and Tarzijan, 2018). The environment keeps changing rapidly making it highly volatile and uncertain. The rules of the game are often ambiguous, sometimes even unknown, and therefore the MNEs cannot operate with surety.

There are various forces in the international business environment that pose as challenges to the MNEs. Political and legal challenges are derived from government regulations, legal procedures, and political climate of a country. These aspects can have a negative impact on

any enterprise either directly or indirectly. For one to determine the extent of the political and legal interference, one can look at the level of government protectionism against multinationals, trade policies of the country, the legal framework of the country and the politics of the country which include election seasons and corruption

Economic forces can be in the form of rate of taxation, interest rates, inflation, foreign exchange, and economic recessions. The government uses various fiscal and no-fiscal policies to influence the economy. Interest rates determine the cost of debt which in turn determines accessibility to loans. The higher the rate the more costly it will be to the firm to access financial capital (Uribe and Schmitt-Grohe, 2017). This can also be worsened during economic recessions when there is little or no economic growth consequently lowering the purchasing power of the citizens.

Social- cultural forces affect consumer habits and their buying patterns, people management, society attitudes towards foreigners, population growth rates and age distributions. This is especially important for marketers who must understand their customers' needs to design products that meet these needs. It is also important to notice any changes in consumer habits and preferences e.g., focus on healthier options which has pushed for the demand of healthier lifestyles.

Technological forces pertain to business innovations that lead to competitiveness and include research & development, automation, technology incentives and the rate of technological change. These factors can positively or negatively affect a business by having an impact on quality of goods and final price to the consumers.

Ecological factors of the environment imply all those aspects of the physical environment which include physical features like water bodies, forests, mountains etc. The challenges are derived from human activities and their interactions with the physical environment. As humans have continued to rely on natural resources for food, clothing and shelter, environmental degradation has become more evident. Population growth has also been the highest since history thus raising the issue of sustainability.

All these factors are studied under the PESTEL framework.

1.1.3 Multinational Enterprises

Multinational enterprise (MNEs) and Multinational corporations (MNCs) are enterprises/corporations that trade goods and services across national borders. They are established in their home country and thereafter extend operations in other countries whilst maintaining a central office. The central office coordinates all management aspects of the other branches and affiliates.

MNEs are derived from strategic management decisions to trade goods and services across their national borders in search of foreign markets, cheap labour, natural resources, or technological advancements (Narula and Dunning, 2010). They can do this by adopting various management strategies making them have huge asset bases, big turnovers, and wide operations across various sectors. Examples include Samsung, Coca cola, General Electric, standard chartered bank, SHELL etc.

MNEs have various distinct characteristics. One of them is that they have huge asset bases from their heavy financial and physical investments. This makes them generate substantial amounts of profits. The second characteristic is that they trade in more than one country by establishing a network of branches. The business oversees the functions of these branches. This leads to the third characteristic which is control. The managements of these MNEs maintains control over these branches by establishing a head quarter from which all communication is drawn. The fourth characteristic is that they have sophisticated technologies which facilitate their operations. These technologies are in communication, marketing, transport, and logistics. This leads to quality goods and services. The last characteristic is that they have very skilled personnel. MNEs employ the best managers and personnel to execute their mandate and strategies.

Multinational enterprises adopt various models of operations. The first one is a centralised model where the MNE maintains a head quarter in the home country and later puts up production plants in another country. The second one is regional model where the MNE puts up subsidiaries and affiliates in another country. The last one is a multinational model where the subsidiaries and affiliates are far more independent and have some level of control from the HQ office.

Multinational enterprises enjoy a lot of benefits which include access to a wider market, qualified skills, and favourable environmental conditions. They do so by developing various strategies. For example, by exporting a company sells goods and services to a foreign market without investing in that country. Another example is Franchising. In this case the enterprise charges a fee to a company in the target market to use their property e.g., trademarks, brand name, logo etc which is source of revenue for them. Lastly a foreign company can come together with a local company to jointly own a business to share costs and profits.

In conclusion, multinational enterprises are the key players in international business and are a major contributor to the world economies (Asmussen et al., 2018) and therefore, one would be interested in studying the various challenges that affect them.

1.1.4 Multinational Enterprises in Kenya

Since independence, Kenya has seen a steady annual growth of 5.7 % in its economy according to World bank (2021). This makes it the economic hub of East Africa. Being a developing country, Kenya has been keen on attracting foreign investors into the country to sustain its growth. This has been enabled by the fact that Kenya offers an enabling environment for these MNEs to operate and thrive through tax reliefs, tax incentives and reduction of cost of setting up business.

According to Statistical Abstract (2019) there are 575 multinationals operating in Kenya. Kenya hosts various multinational enterprises springing through various sectors including hospitality, service and banking sectors, manufacturing, retail etc. Some of the notable MNEs

include Coca cola, Shell, Barclays bank, Standard chartered bank, General Electric, and international retail stores like Carrefour. By industry.

Various MNEs in Kenya can be categorised according to the industries they operate in. For example, in the banking sector we have Standard chartered bank, Absa Bank and Stanbic bank. In manufacturing we have Procter and gamble, Diageo, and East African Breweries. In the transport and logistics, we have DHL, Cipro, and Sheffield. Finally, in the retail sector we have Woolworths, Carrefour, and Max stores.

Kenyan MNEs can also be categorised according to their sizes. i.e., large, medium, and small enterprises. Size is determined by looking at their asset base and market control. Examples of very large MNEs include Coca cola, Shell bp and Toyota. Medium MNEs include Absa bank, and Stanbic bank. Whilst an example of a small MNE could be KCB bank. It is however important to note that even for the small MNEs their turnovers could be bigger than most local companies.

The Kenyan market has experienced the downfall and exit of some of the best performing Multinationals for example Sameer Group, Shoprite, Unilever etc. This could be attributed to the various challenges that they could be facing in Kenya. Some of the challenges that MNEs face in Kenya include corruption especially when it comes to land acquisition, high cost of labour as majority of the unemployed youths are unskilled, poor/ underdeveloped infrastructure including roads and technology and slow and expensive legal recourse. Political instability during election periods also destabilizes business operations , (Jerome, 2009).

Whereas in contrast, other multinationals have continued to survive and thrive. This is especially evident in the banking sector. Examples including standard chartered bank, Absa bank, Stanbic bank etc. It is for this reason that one would want to know and explore the Kenyan market as an international business environment and the challenges that exist in it.

1.2. Research Problem

Environmental challenges that impact MNEs are quite varied. This is because MNEs operate in a complex, dynamic, volatile, and multi-faceted business environment. These challenges are caused by the various environmental forces which include political, economic, social-cultural, technological, and ecological forces. Because of this, MNEs must adopt to these challenges. However, these challenges are not unique to the Kenyan context but rather are evident worldwide making many researchers take an interest on them with the aim to determine them.

With all the research studies carried out in this area, none has thoroughly studied the political-legal, social-cultural, economic, and technological challenges from a Kenyan context. As an example, Cheptegei and Yabs (2016), studied foreign market entry strategies by multinationals in Kenya using a case of Coca Cola. The study concluded that all market entry strategies faced various challenges and the management had to be creative to successfully overcome them but did not outline each one of them.

Kiniaru (2014) focused on challenges facing international agribusiness in Kenya which established that these firms faced challenges in meeting the international standards set to export to the international market. The study was restricted to the agricultural sector only.

Yet in an earlier study by Gichuki (2013), the focus was on strategic responses adopted by cosmetic multinational firms in Kenya. The study concluded that these firms majorly faced social and technological challenges and thus needed to develop strategies to remain competitive amid stiff rivalry among other firms. This excluded the other environmental challenges in the other industries.

Although the above studies are useful and relevant, they do not relate to the challenges that attain to MNEs in Kenya. This study is therefore appropriate in determining the challenges facing MNEs in Kenya. This therefore leads to the research question which is, what are the environmental challenges facing multinational enterprises in Kenya?

1.3. Research Objective

The research objective of this study is to examine the environmental challenges facing Multinational enterprises in Kenya.

1.4 Value of the Study

Multinational enterprises face a mirage of challenges due to their multi-faceted international business environment. It is for this reason that this study will provide valuable insights for them, and all the stakeholders involved in Kenya.

Firstly, managers of these MNEs will use this study to scan, understand, strategize, and respond to various challenges in the external environment in the Kenyan context. Given the uniqueness of each country, Kenya included, they will be able to have factual data on which areas they should focus on.

Secondly, Kenya being an investment hub for foreign investors, this study could be used to carefully plan when investing here. There are cases where firms have entered the Kenyan market without a good plan and exited for being unable to survive. This study will clearly identify these challenges and offer recommendations before one can invest here.

Thirdly, various government agencies will benefit from this study by helping them come up with policies and legislations that aim to cushion these multinationals against harsh business environment. This is because these enterprises offer numerous contributions to Kenyans in form of employment, taxes and access of goods and services. The government agencies can give incentives and tax reliefs.

Fourthly, there are various global and international agencies which can benefit from this study. They include World Trade Organisation (WTO), Common Market for Eastern and Southern Africa (COMESA) etc. They can use this study for research purposes to benefit analysts and consultants in business.

Lastly, this study can be used to update literature on the international business environment in Kenya and the various challenges affecting multinational enterprise operations in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

Literature review is an essential part of any given study. This is because it gives a theoretical framework for the study by analyzing information from other studies done on the research topic. In this chapter, various relevant literatures on challenges facing Multinational Enterprises were reviewed.

2.2. Theoretical Foundation

This study is anchored on the theories of international business. This is because, Multinational Enterprises operate in the international business environment. This environment is dynamic, complex, and uncertain. There are various theories of international business that give in-depth knowledge and understanding of this environment. Each one of them is discussed below.

2.2.1 The Theory of Absolute Cost Advantage

The theory of absolute cost advantage was developed by Adam Smith. This theory indicates that a country has absolute advantage over another country if it can produce a given product at a cheaper cost than its competitor. This is highly supported if that country is endowed with natural resources, good climate, and fertile land. Absence of these resources would pose great challenges for multinational enterprises in that country. This is the foundation of what international trade is about.

This theory is important to multinationals because for them to be able to have a cost advantage they must be able to use wisely the resources available for them. As we all know, economic resources are scarce, and managers should therefore be able to allocate them strategically. They should be able to use this theory to analyse the environment and look out for resources that can give them the competitive edge. Otherwise, they would incur high costs of production leading to huge losses.

2.2.2 The Theory of Product Life Cycle

The theory of product life cycle was developed by Raymond Vernon. This theory indicates that a product goes through three stages in the market i.e., new product, mature product, and lastly standardized product. A new product is dominantly innovated in the home country and as it matures and standardized it will be manufactured in the countries that have high skilled labour but a cheaper cost. This is eminently useful for multinationals in countries which have low technological advancement.

For multinationals working in each country, they need to understand the stage in which their product is in. This will in turn help them plan for the next stage of the cycle. They should be able to know when to invest more and when to let go. For example, when a product becomes standardized, they can only compete on price.

2.2.3 Theory of Free Trade

The theory of free trade indicates that a country maximises its revenues by having favourable balances of trade. It is also developed from the mercantile theory. This theory indicates that a country should maximise on exports and minimize imports. This theory indicates that governments should not impose tariffs and non-tariffs barriers to take advantage of international trade. This in turn means that governments should sign free trade agreements. This is very important because multinational enterprises could face serious challenges in the countries in which they operate depending on the government's policies regarding its stand on free trade.

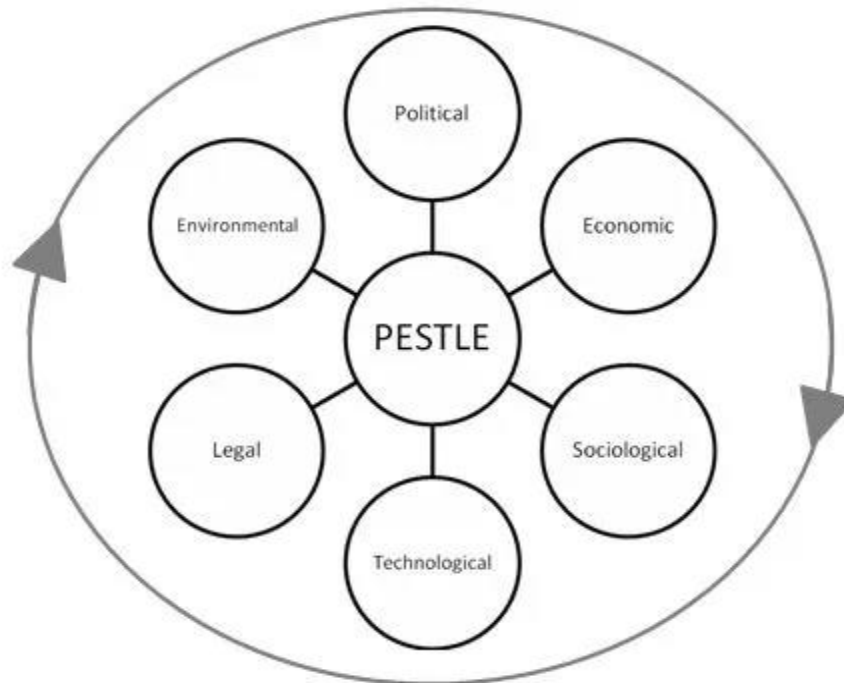
This theory is very important in understanding the position of the host country. Some countries are pro free trade while others are more about protectionism. These could pose serious challenges for the multinationals as a government can first it by introducing sanctions and heavy taxes for the multinational. Therefore, a MNE should conduct research before investing in that country to avoid incurring heavy losses.

2.3 Environmental Challenges Facing Multinational Enterprises

Businesses do not operate in a vacuum but rather operate in the business environment. This means that there are various forces from this environment that have a big impact on the business operations. It is from this aspect that managers constantly scan the macro/external environment which they have limited control over. MNEs operate in the international business environment.

Francis J. Aguilar who was a professor at Harvard Business School is believed to be the originator of the PESTEL framework. In his book “Scanning the Business Environment” he outlined strategies to examine the business macro environment. According to Aguilar (1967), PESTEL is a framework that helps identify external forces that affect businesses and help managers make strategic decisions. The framework was initially known as PEST which stood for political, economic, social, and technological and later improved to include ecological and legal forces. Recently an additional “E” has been added for ethical.

There are mainly three purposes for using the PESTEL framework according to Jurevicius (2013). Such purposes include analysing factors affecting the business now, forecasting factors that might change in the future and capturing the opportunities/threats. Although it is quite helpful, there are a few challenges of using the PESTEL framework given that it only focuses on the external environment. A careful evaluation of both the internal and external environment would be ideal.



The PESTLE Framework (Format: AH Raymondson, 2010)

Figure 1.1: The PESTEL framework

Source: (<https://www.cstraininguk.co.uk/swotandpestle>)

2.3.1 Political- Legal Challenges

Political and legal challenges are derived from government regulations, legal procedures, and political climate of a country. These aspects can have a negative impact on any enterprise either directly or indirectly. For one to determine the extent of the political and legal interference, one can look at various political and legal aspects. One of the aspects include the level of government protectionism against Multinationals. This means the government may put across various policies cushioning local firms against stiff competition from these multinationals. They may also do so to encourage growth of local firms and sometimes avoid their closure. The government may also want to control investment in a certain sector e.g., agriculture. This may negatively affect multinationals investing in the country.

Trade policies of a country may also pose serious challenges to the multinational in form of high taxes, rigorous registration requirements and standardization. The legal framework of the country is also important as it determines the conflict resolution channels.

The politics of a country which include election seasons and corruption can also make doing business very challenging. The politicians may have their own agendas and ideologies that may not favour the multinational. A good example in Kenya is the outbreak of post-election violence in 2007 which affected many businesses (Jerome, 2009).

2.3.2 Economic Challenges

The performance of a country's economy has a major impact on businesses either negatively or positively. This is because economic performance affects the purchasing power of its citizens as well as the cost of capital. Economic factors can be in the form of rate of taxation, interest rates, inflation, foreign exchange, and economic recessions (Uribe and Schmitt-Grohe, 2017). The government uses various fiscal and non-fiscal policies to influence the economy.

Interest rates determine the cost of debt which in turn determines accessibility to loans. The higher the rate the more costly it will be to the firm to access financial capital. This can be very challenging to investors. This can also be worsened during economic recessions when there is little or no economic growth consequently lowering the purchasing power of the citizens.

Governments' main source of revenue is through taxes. In Kenya, MNEs are taxed at a higher rate of 35% compared to local firms that are taxed at 30%. This can be challenging to foreigners as it means lower profits for them. To deter this the government can offer tax incentives in form of tax breaks and tax exemptions.

Another set of economic challenges come from inflation and foreign exchange rates. Given that most MNEs deal with foreign currencies which need to be translated to local currencies, any unfavourable exchange rate would mean losses to the MNEs. This can be worsened if the inflation rates skyrocket. This means that financial managers and fund managers have to strategize and diversify to cushion the multinational against these losses.

African countries experience the highest level of economic volatility. This could be attributed to over reliance on agriculture as the main economic activity as well as high government spending on recurrent administration expenditure, as opposed to investments. It is however important to note that Kenya has been experiencing an average economic growth of 5.7% according to The World Bank (2021).

2.3.3 Social-cultural Challenges

Businesses are set up within societies which have different cultures, norms, beliefs, values, and demographics. This especially affects businesses which have branches in different countries due to the different cultures. For one to successfully manage people one must learn and appreciate the different social-cultural dynamics of each country.

Social- cultural factors affect consumer habits and their buying patterns, people management, society attitudes towards foreigners, population growth rates and age distributions (Shams et al. 2020). This is especially important for marketers who must understand their customers' needs to design products that meet these needs. It is also important to notice any changes in consumer habits and preferences e.g., focus on healthier options which has pushed for the demand of healthier lifestyles.

Another area where social-cultural factors affect businesses is provision of human resources and workers attitude towards work. This means that HR practitioners must be aware of the composition of their workers in terms of age, skills and how they approach work. This will enable them take different approaches suitable for each country (Tallman, 2014).

Religion also has a major impact on the conservativeness of a country. It also has an influence on which products will be demanded in each country. For example, in a Muslim society they have different clothing styles as well and eating habits. Therefore, marketers must always be aware of the religion of their customers.

2.3.4 Technological Challenges

Multinational Enterprises just like all other businesses rely on technology for their operations. Technological factors pertain to business innovations that lead to competitiveness and include research & development, automation, technology incentives and the rate of technological change. These factors can positively or negatively affect a business by having an impact on quality of goods and final price to the consumers.

For example, an organisation with operations in different countries must think about harmoniously automating its operations to maintain uniformity and ensure activities run seamlessly. This requires a lot of investments in technology posing as a barrier to entry for small and medium enterprises (Nandonde, 2019). There is also the risk of obsolescence due to rapid changes in technological advancements. For example, the recent movement from analogue to digital transmission pushed some businesses out of the market.

Technology not only impacts on production but also other areas like distribution, procurement, logistics and customer service. This is evidently seen in service industries which rely on customer feedback platforms to keep in touch with their customers and offer after sales services.

Different countries have different levels of technological advancements. Kenya being among the developing countries in Africa has quite a lot to do to catch up with other developed countries. However, the Kenya Association of Manufactures (KAM, 2020) considers it to be the leading technology and innovation hub in Africa. This is attributed to the development of a large-scale telecommunications infrastructure in Kenya, capable of delivering efficient and affordable info-communications services. This therefore offers multinational enterprises setting business in Kenya an incentive to flourish and perform well.

2.3.5 Ecological Challenges

Ecological factors of the environment imply all those aspects of the physical environment which include physical features like water bodies, forests, mountains etc. The challenges are

derived from human activities and their interactions with the physical environment. As humans have continued to rely on natural resources for food, clothing and shelter, environmental degradation has become more evident. Population growth has also been the highest since history thus raising the issue of sustainability. For example, the effects of global warming are felt world over leading to threat to survival.

There is also a tight relationship between multinational enterprises and ecological factors creating a great push for MNEs to give back to societies from which they source from (Dam and Scholtens, 2012). This is not only limited to manufacturing enterprises but also transport, logistics, agriculture, and retail businesses. This is heightened by criticism against MNEs who move operations that emit higher pollutions to other local countries. Some MNEs also dispose wastes and hazard chemicals without due care.

The governments of these host countries have come up with tight measures to curb these practises. For example, these Multinationals have had to enter into natural resources protection agreements to minimize the effects of their operations. This comes up as a huge cost to the firms. To comply, they can adopt land rehabilitation, tree planting, recycling, and resource sustainability strategies. Unfortunately, some multinationals have been accused of influencing local regulations to their advantage (McConnel, 2014)

Natural calamities and pandemics also impact businesses. This is because they can be unpredictable, and one cannot control them. A good example is the effect of COVID 19 to businesses. This pandemic has led to massive job losses and closure of businesses. Another example is global warming that has seen the rise of skin cancers and wildfires. In Kenya, locusts invaded farms and nearly ate up all green vegetation in arears which they visited in 2020. One can therefore not ignore these challenges.

2.4 Empirical Literature and Knowledge Gaps

In this section, the researcher was concerned with the coverage of literature and subsequent gaps that existed. Through the PESTEL framework the researcher was able to identify the

nature of the six environmental challenges namely political-legal, economic, social-cultural, and ecological challenges.

However, the researcher picked up several empirical gaps that can be addressed in this study. For example, Cheptegei and Yabs (2016), studied foreign market entry strategies by multinationals in Kenya using a case of Coca Cola. This study focused on the foreign market entry strategies rather than the challenges faced by the multinationals. Secondly, some of the studies did not exhaustively cover the six challenges. They were merely part of a wider business discussion. For example, Kiniaru (2014) focused on challenges facing international agribusiness in Kenya which established that these firms faced challenges in meeting the international standards set to export to the international market. The study was restricted to the agricultural industry which face unique challenges. Additionally, Gichuki (2013) focussed on strategic responses adopted by cosmetic multinational firms in Kenya. The study concluded that these firms majorly faced social and technological challenges and thus needed to develop strategies to remain competitive amid stiff rivalry among other firms. This did not conclusively cover all the challenges.

These research gaps will hopefully be addressed by this study by gathering quantitative data from the field, analysing them, and reporting conclusive findings.

2.5 Summary

In summary, Multinational Enterprises face numerous challenges when conducting their businesses. From the empirical literature studied, they must scan the environment thoroughly to understand the environmental context in which they are operating in.

This study will offer Multinational enterprises in Kenya basic knowledge to help them understand and navigate skilfully the Kenyan business environment.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This research was conducted to investigate the various challenges facing Multinational Enterprises in Kenya. This chapter outlines the design of the research, population, data collection, analysis and presentation used.

3.2. Research Design

This study adopted a descriptive survey design. According to Mugenda and Mugenda (2003), descriptive survey design collects data to test hypothesis or to answer questions concerning the status of the subject of study. This is an appropriate choice when the type of research aims at identifying characteristics, frequencies, trends, and categories. It also helps when one wants to answer what, where, when and how questions. This design is deemed appropriate for this study as the purpose was to determine the environmental challenges facing multinational enterprises in Kenya.

To ensure uniformity in this study, a survey was used. A survey collects representative information in a uniform manner and can be used to generalize the entire population. A questionnaire was used as the research tool. Each respondent was asked the same questions to ensure that the answers were solely influenced by the experiences of the respondents on the subject but not because of the way the questions have been posed.

3.3 Target population

In a study, a population is a collection/pool of all entities of interest to a researcher from which a statistical sample is drawn, (Mugenda and Mugenda, 2003). In this study, all multinational enterprises operating in Kenya were included as the target population of the study. According to Statistical Abstract (2019) there were 575 multinationals operating in Kenya in each of the eight sectors including retail, hospitality, manufacturing, banking, and commercial services. Senior management in these MNEs were chosen to be the respondents at the individual level.

3.4 Sampling Design

Random sampling was used in this study to select companies and respondents involved. The study selected 10 percent of the multinationals to get a sample of 58 multinational enterprises. The study then randomly selected one senior manager from the selected multinational enterprises. The study thus had a sample size of 58 respondents.

3.5 Data collection

The data used in this study was quantitative in nature. Quantitative data, which is in form of figures, is used to show trends of the topic being studied. Questionnaires were used to collect data. The questionnaires were framed using four-point and five-point Likert scales as shown in Appendix I. The analysis of the data will hopefully outline the extent to which the political, legal, social-cultural, and ecological challenges are affecting multinational enterprises in Kenya.

The researcher administered the questionnaires to the respondents by sharing them on email and WhatsApp. The method was preferred due to its convenience and ease of administration. The method enabled the researcher to reach the senior managers of multinational after obtaining their email contacts and telephone numbers from their official websites.

3.5. Data Analysis

Data analysis and interpretation used for this study was quantitative methods. To ensure minimization of the margin of error and enhanced accuracy, questionnaire items were coded. Thereafter, the data was further analysed using descriptive and distribution statistics. The descriptive statistics included frequencies and percentages. The analysis was done with the help of IBM Statistical Product and Service Solutions (SPSS) Version 22 software. The entered data was used to generate the descriptive and distribution statistics from which patterns were interpreted. These statistics were presented using tables which were explained in narrative form.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents data analysis and presentation of the findings on the environmental challenges facing multinational enterprises in Kenya. The data was collected from 58 respondents using structured questionnaires and further analysed using IBM Statistical Product and Service Solutions (SPSS) Version 22 software. The findings are presented in form of frequencies and percentages. The researcher will thereafter draw conclusions from them.

4.2 Response Rate

Data was collected by use of a structured questionnaire and the response rate was as follows: Out of the 58 administered questionnaires, 48 (82.8 %) were returned while 10 (17.2 %) were not returned. This response rate is above 50% which is deemed appropriate by Mugenda and Mugenda (2003).

Table 4.1: Participants Response Rate

Questionnaires	Frequency	Percentage
Returned	48	82.8
Not Returned	10	17.2
Total	58	100

4.3 Demographic Characteristics of the Study Participants

Gender distribution: There were 58 participants who took part in the study out of which 27 (56.3 %) were male whereas 21 (43.8 %) were female. The results are shown in the table below.

Table 4.2: Gender Distribution

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	27	56.3	56.3	56.3
	female	21	43.8	43.8	100.0
	Total	48	100.0	100.0	

Age Distribution: The age distribution of the respondents was as follows: 5 (10.4 %) were between the ages of 31-40 years; 21 (43.8 %) were between 41-50 years old; and 22 (45.8 %) were over 50 years old as shown in table 4.3 below. This showed that they had gathered a lot experience in business.

Table 4.3: Age distribution

Age in years

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	31-40 years	5	10.4	10.4	10.4
	41-50 years	21	43.8	43.8	54.2
	over 50 years	22	45.8	45.8	100.0
	Total	48	100.0	100.0	

Educational Level: Majority of the participants, 23 (47.9 %) had attained a master’s degree, 13 (27.1 %) had an undergraduate degree, while 12 (25.0 %) has a PhD degree as shown in table 4.4 below. This indicated that they had acquired a lot of skills in business.

Table 4.4: Level of education

level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PhD	12	25.0	25.0	25.0
	masters	23	47.9	47.9	72.9
	undergraduate	13	27.1	27.1	100.0
	Total	48	100.0	100.0	

4.4 Objective: The Environmental Challenges facing Multinational Enterprises in Kenya.

The main objective of this study was to determine the environmental challenges facing multinational companies (MNCs) in Kenya. To achieve the above objective, the participants were asked to state to what level and extent they agreed with the environmental business challenges associated with multinational corporations, including political-legal, economic, socio-cultural, technological, and ecological factors. Their responses were rated based on two

Likert Scales. In the level of agreement, the respondents indicated whether they strongly disagreed, disagreed, neutral, agreed, or strongly agreed. The extent of their agreement was indicated by very little extent (1), little extent (2), moderate extent (3), large extent (4), or very large extent (5).

4.4.1 Political-legal Challenges

The results in tables 4.5 and 4.6 below indicate that the political-legal factors that had a negative impact on multinational corporations in Kenya included political instability, the negative perceptions of political leaders towards MNCs, and the unpredictability of the Kenyan parliament in making progressive legislations.

Table 4.5: Level of agreement on the impact of political-legal challenges on MNCs in Kenya

Variable	Responses				
	SD	D	N	A	SA
Constant political instability	10(20.8%)	17(35.4%)	10(20.8%)	10(20.8%)	1(2.1%)
Business overinvestment by Kenyan government	20(41.7%)	23(47.9%)	5(10.4%)	0	0
Negative attitude towards MNCs by political leaders	13(27.1%)	19(39.6%)	6(12.5%)	5(10.4%)	5(10.4%)
Constitutional bias towards MNCs	14(29.2%)	26(52.2%)	8(16.7%)	0	0
Unpredictability of parliament in making laws	13(27.1%)	21(43.8%)	3(6.3%)	10(20.8%)	1(2.1%)
Bias of Kenyan courts and justice system towards MNCs	19(39.6%)	28(58.3%)	1(2.1%)	0	0
Favoritism towards local firms by justice system	23(47.9%)	24(50.0%)	1(2.1%)	0	0

Table 4.6: Extent of agreement on the impact of political-legal challenges on MNCs in Kenya

Variable	Responses				
	1	2	3	4	5
Constant political instability	13(27.1%)	23(47.9%)	5(10.4%)	7(14.6%)	0
Business overinvestment by Kenyan government	24(50.0%)	24(50.0%)	0	0	0
Negative attitude towards MNCs by political leaders	1(2.1%)	7(14.6%)	7(14.6%)	24(50.0%)	9(18.8%)
Constitutional bias towards MNCs	22(45.8%)	26(54.2%)	0	0	0
Unpredictability of parliament in making laws	17(35.4%)	21(43.8%)	0	9(18.8%)	1(2.1%)
Bias of Kenyan courts and justice system towards MNCs	20(41.7%)	28(58.3%)	0	0	0
Favoritism towards local firms by justice system	41(85.4%)	7(14.6%)	0	0	0

4.2.2 Economic Challenges

The results from tables 4.7 and 4.8 below show that economic challenges had significant impact on the operations of MNCs in Kenya. These challenges included low purchasing power, high rent rates, economic recessions, unfavorable interest rates, and government monopoly over certain services. These challenges tend to negatively affect the operations of MNCs in Kenya.

Table 4.7: Level of agreement on the impact of economic challenges on MNCs in Kenya

Variable	Responses				
	SD	D	N	A	SA
Lack of purchasing power	13(27.1%)	10(20.8%)	6(12.5)	14(29.2%)	5(10.4%)
High rents	2(4.2%)	0	0	40(83.3%)	6(12.5%)
Unfavorable interest rates	0	0	2(4.2%)	32(66.7%)	14(29.2%)
Economic recessions		1(2.1%)	6(12.5%)	33(68.8%)	8(16.7%)
Government monopoly over some services	9(18.8%)	16(33.3%)	7(14.6%)	15(31.3%)	1(2.1%)

Table 4.8: Extent of agreement on the impact of economic challenges on MNCs in Kenya

Variable	Responses				
	1	2	3	4	5
Lack of purchasing power	12(25.0%)	17(35.4%)	0	17(35.4%)	2(4.2%)
High rents	0	2(4.2%)	2(4.2%)	36(75.0%)	8(16.7%)
Unfavorable interest rates	0	2(4.2%)	0	35(72.9%)	11(22.9%)
Economic recessions	0	0	2(4.2%)	32(66.7%)	7(14.6%)
Government monopoly over some services	10(20.8%)	22(45.8%)	0	15(31.3%)	1(2.1%)

4.4.3 Social-cultural Challenges

The results from tables 4.9 and 4.10 below indicate the social-cultural factors affecting MNEs in Kenya. The major one was difficulty in meeting the changing needs of the youth market. Majority of the respondents felt that the other social-cultural variables had an insignificant impact on multinational enterprises in the country.

Table 4.9: Level of agreement on the impact of socio-cultural challenges on MNCs in Kenya

Variable	Responses				
	SD	D	N	A	SA
Difficulties meeting changing needs of youth market	4(8.3%)	5(10.4%)	19(39.6%)	20(41.7%)	0
Difficulties in managing youth employees	29(60.4%)	18(37.5%)	1(2.1%)	0	0
Difficulties in managing tribal diversity	27(56.3%)	20(41.7%)	1(2.1%)	0	0
Difficulties in managing religious diversity	25(52.1%)	22(45.8%)	1(2.1)	0	0

Table 4.10: Extent of agreement on the impact of social-cultural challenges on MNCs in Kenya

Variable	Responses				
	1	2	3	4	5
Difficulties meeting changing needs of youth market	8(16.7%)	20(41.7%)	0	20(41.7%)	0
Difficulties in managing youth employees	27(56.3%)	21(43.8%)	0	0	0
Difficulties in managing tribal diversity	22(45.8%)	26(54.2%)	0	0	0
Difficulties in managing religious diversity	31(64.6%)	17(35.4%)	0	0	0

4.4.4 Technological Challenges

The results from table 4.11 and 4.12 below show that technological factors majorly affected MNEs in Kenya. The participants noted that technological challenges were a concern to the operations of multinational enterprises in the country. For instance, costly research and development initiatives and high rate of technological change were cited as having extensive impact on the operations of MNCs in Kenya. However, technology regulations had an insignificant impact.

Table 4.11: Level of agreement on the impact of technological challenges on MNCs in Kenya

Variable	Responses				
	SD	D	N	A	SA
Costly research and development	0	0	0	26(54.2%)	22(45.8%)
Few technology incentives	11(22.9%)	29(60.4%)	2(4.2%)	6(12.5%)	0
High rate of technological change	0	0	0	26(54.2%)	22(45.8%)
Complex technology regulations	17(35.4%)	31(64.6%)	0	0	0

Table 4.12: Extent of agreement on the impact of technological challenges on MNCs in Kenya

Variable	Responses				
	1	2	3	4	5
Costly research and development	0	0	0	27(56.3%)	21(43.8%)
Few technology incentives		21(43.8%)	24(50%)	3(6.3%)	0
High rate of technological change			2(4.2%)	34(70.8%)	12(25.0%)
Complex technology regulations	6(12.5%)	17(35.4%)	25(52.1%)	0	0

4.4.5 Ecological Challenges

The results from table 4.13 and 4.14 indicate that MNEs had to comply with more environmental standards and had an influence on environmental regulations. Moreover, the harsh weather conditions also contributed to the problems facing the operations of these companies. However, the participants noted that multinational enterprises did not cause more pollution than local firms.

Table 4.13: Level of agreement on the impact of ecological challenges on MNCs in Kenya

Variable	Responses				
	SD	D	N	A	SA
Harsh weather conditions	0	0	2(4.2%)	34(70.8%)	12(25.0%)
More environmental standards for MNCs	0	0	1(2.1%)	25(52.1%)	22(45.8%)
Higher pollution rates by MNCs	20(41.7%)	22(45.8%)	5(10.4%)	1(2.1%)	
Influence on environmental regulation	0	0	13(27.1%)	24(50.0%)	11(22.9%)

Table 4.14: Extent of agreement on the impact of technological challenges on MNCs in Kenya

Variable	Responses				
	1	2	3	4	5
Harsh weather conditions	0	2(4.2%)	0	35(70.8%)	11(22.9%)

More environmental standards for MNCs	0	1(2.1%)	7(14.6%)	25(52.1%)	15(31.3%)
Higher pollution rates by MNCs	21(43.8%)	26(54.2%)	0	1(2.1%)	0
Influence on environmental regulation	0	1(2.1%)	18(37.5%)	29(60.4%)	0

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions, conclusions, and recommendations of the study. First, it presents a critical assessment of the research results in its entirety then makes conclusions, recommendations, and suggestions for further study.

5.2 Discussion of the Findings

The main purpose of this study was to determine the environmental challenges facing multinational enterprises in Kenya. The findings of this study established that most multinational enterprises faced political-legal, economical, technological, and ecological challenges that hampered their organizational performance.

The study established that the greatest challenge was from the political and legal environment. Political instability, the negative perceptions of political leaders towards MNEs, and the unpredictability of the Kenyan parliament in making progressive legislations were the main political-legal problems that hindered the operations of MNEs in Kenya. Political interference renders the operations of multinational corporation difficulty making them ineffective. For instance, political leaders have been in the forefront agitating the exit of multinational companies in tea growing zones which has had a negative impact on their operations. The political-legal challenges discourage MNEs from making any further investments in the country and are likely to leave Kenya for other countries where conditions are favourable.

The second greatest challenge was from the economic environment. From the economic perspective, it was found out that MNEs faced high interest rates, high rents, and unpredictable economic recessions in Kenya. These economic challenges make investment costly for MNEs. Arguably, multinational corporations or enterprises play a vital role in the economic development of the host country. The Kenyan government through the central bank regulates interest rates thus impacting on the cost of debt.

The study established the other big challenge was from the technological environment. The study shows that high technological change, costly investment in research and development, and few technological incentives affected multinational organizations. Unfortunately, the recent COVID-19 crisis has had far-reaching ramifications on the operations of most organizations globally. This has necessitated the need for innovative approaches to operations by MNEs, especially the adoption and utilization of technology in business transactions. Consequently, this has led to cost implications in terms of research and development in novel technological innovations as well as technological changes for MNEs. This is because Kenya is keen on supporting MNEs in developing technologies that will improve production activities. Also, Kenya is focused on becoming a technological hub in Africa.

The other challenge was from the ecological environment which included aspects such as harsh weather conditions, more environmental standards, and strict regulations which are bad for investment by MNEs especially those engaged in agricultural activities. It is therefore important for the MNEs to be well prepared for such calamities. For example, one would take up insurance policies that will compensate the investor against loss. They can also work with agricultural agencies that adopt modern methods of farming e.g., more drought resistant crops. It is also important for them to understand that tight environmental regulations are important as they ensure that there is no depletion, pollution, and degradation. This will benefit everyone in the long run.

The study established that the least challenge was from the social-cultural environment. The only challenge was difficulty in meeting the changing needs of the youth market and the other aspects has the least significance.

5.3 Conclusion

Many multinational corporations are faced with a myriad of environmental challenges that negatively impact on their overseas operations. Kenya has been a preferred destination for many multinational companies due to its strong economy, developed infrastructure, and strategic geographical location. However, due to the unpredictability and dynamic nature of the global business environment, MNEs face several environmental challenges. These challenges increase the cost of operations, decrease in productivity, and wastage of resources which lead to underperformance by MNEs. To mitigate these challenges, it is imperative that these multinational organizations work closely with the government to come up with clear and progressive policies and regulations that enhance the operations of these corporations.

5.4 Recommendations

This study makes the following recommendations.

The first recommendation is that Multinational enterprises should engage the Kenyan government to effectively address the attendant environmental challenges facing MNEs in Kenya. Through dialogue, both the MNEs and the government can come to an agreement to make the business environment more friendly. This is because, when these businesses thrive, government and the citizens also benefit leading to a win-win situation. The government can offer tax incentives, relaxed registration requirements and favourable interest rates

The second recommendation is that Multinational enterprises should invest in new technological innovations to sustain their competitive advantage especially in the wake of the recent COVID-19 pandemic. This will ensure that they come up with strategies to minimize high costs of business. It goes without saying that the international business environment is dynamic and always changing. One can only adopt new technology to curb new challenges.

The third recommendation is that the government should invest in higher education and vocational training to equip the youth with necessary skills to be able to work within these multinationals. This is because, most of the unemployed youth are unskilled i.e., below 35 years of age. A large population of skilled work force is an asset to any country because it will reduce the cost of additional training by these multinationals.

5.5 Suggestions for Further Studies

This study suggest that further research should be undertaken to determine the appropriate policies and regulations that support the operations of MNEs in Kenya. This would help in countering the challenges that these MNEs face. Further research should also be undertaken to compare and contrast with other East African countries in order to give Kenya a competitive edge in East Africa.

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APPENDICES

Appendix I: Research Questionnaire

Please answer the following questions as openly and honestly as possible as an employee of the multinational enterprises operating in Kenya.

Part A: General information

1. Kindly state your gender:

Male []

Female []

2. Kindly state your age bracket?

20-30 years []

31-40 years []

41-50 years []

Over 50 years []

3. Which is your highest academic qualification?

PhD []

Masters []

Undergraduate []

A Level []

KCSE []

Any other (Specify) _____

4. For how long have you been working in multinational enterprises operating in Kenya?

1-5 Years []

6-10 Years []

11-15 Years []

16-20 Years []

Over 20 Years []

5. For how long have you been working in your current position?

1-5 Years []

6-10 Years []

11-15 Years []

16-20 Years []

Over 20 Years []

Section B: Political- Legal Challenges

6. The following statement relate to the nature of political and legal challenges facing multinational enterprises operating in Kenya. Indicate your level of agreement:

Strongly Disagree (SD)

Disagree (D)

Neutral (N)

Agree (A)

Strongly Agree (SA)

Political –Legal	SD	D	N	A	SA
There is constant political instability					
Kenyan government is overinvested in business					
Political leaders have negative attitude towards MNEs					
The constitution does not recognize the role of MNEs					
Parliament is unpredictable in law making					
The Kenyan courts and justice system in unfavourable to MNEs					
The justice’s system favours the local firms					

7. Indicate the extent to which the identified political legal challenges affect the multinational enterprises operating in Kenya?

1- Very Little Extent

2 – Little Extent

3 –Moderate Extent

4 – Large Extent

5 –Very Large Extent

Political –Legal	1	2	3	4	5
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There is constant political instability					
Kenyan government is overinvested in business					
Political leaders have negative attitude towards MNEs					
The constitution does not recognize the role of MNEs					
Parliament is unpredictable in law making					
The Kenyan courts and justice system in unfavourable to MNEs					
The justice's system favours the local firms					

Section C: Economic Challenges

8. The following statement relate to the nature of economic challenges facing multinational enterprises operating in Kenya. Indicate your level of agreement:

- Strongly Disagree (SD)
- Disagree (D)
- Neutral (N)
- Agree (A)
- Strongly Agree (SA)

Economic	SD	D	N	A	SA
There is lack of enough purchasing power among the citizens for products and services by MNEs					
There high rents charged on MNEs businesses					
The interest rates are unfavourable to the MNEs operations					
Kenya has experienced recessions					
Government has monopoly over some services					

9. Indicate the extent to which the identified economic challenges affect the multinational enterprises operating in Kenya?

- 1- Very Little Extent

- 2 – Little Extent
- 3 –Moderate Extent
- 4 – Large Extent
- 5 –Very Large Extent

Economic	1	2	3	4	5
There is lack of enough purchasing power among the citizens for products and services by MNEs					
There high rents charged on MNEs businesses					
The interest rates are unfavourable to the MNEs operations					
Kenya has experienced recessions					
Government has monopoly over some services					

Section D: Social-Cultural Challenges

10. The following statement relate to the nature of social-cultural challenges facing multinational enterprises operating in Kenya. Indicate your level of agreement:

- Strongly Disagree (SD)
- Disagree (D)
- Neutral (N)
- Agree (A)
- Strongly Agree (SA)

Social-Cultural	SD	D	N	A	SA
There are difficulties meeting changing needs of youth market					
There are difficulties in managing youth employees					
There are difficulties in managing tribal diversity among employees					

There are difficulties in managing religious diversity among employees					
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11. Indicate the extent to which the identified social-cultural challenges affect the multinational enterprises operating in Kenya?

1- Very Little Extent

2 – Little Extent

3 –Moderate Extent

4 – Large Extent

5 –Very Large Extent

Social-Cultural	1	2	3	4	5
There are difficulties meeting changing needs of youth market					
There are difficulties in managing youth employees					
There are difficulties in managing tribal diversity among employees					
There are difficulties in managing religious diversity among employees					
There are difficulties in managing religious diversity among employees					

Section E: Technological Challenges

12. The following statement relate to the nature of technological challenges facing multinational enterprises operating in Kenya. Indicate your level of agreement:

Strongly Disagree (SD)

Disagree (D)

Neutral (N)

Agree (A)

Strongly Agree (SA)

Technological	SD	D	N	A	SA
MNEs undertake costly research and development for their operations					
There are few technology incentives for MNEs in Kenya					
MNEs experience high rate of technological changes					
There are complex regulations for technology adoption in Kenya					

13. Indicate the extent to which the identified technological challenges affect the multinational enterprises operating in Kenya?

- 1- Very Little Extent
- 2 – Little Extent
- 3 –Moderate Extent
- 4 – Large Extent
- 5 –Very Large Extent

Technological	1	2	3	4	5
MNEs undertake costly research and development for their operations					
There are few technology incentives for MNEs in Kenya					
MNEs experience high rate of technological changes					
There are complex regulations for technology adoption in Kenya					

Section F: Ecological Challenges

14. The following statements relate to the nature of ecological challenges facing multinational enterprises operating in Kenya. Tick where appropriate:

- Strongly Disagree (SD)
- Disagree (D)
- Neutral (N)
- Agree (A)
- Strongly Agree (SA)

Ecological	SD	D	N	A	SA
MNEs are affected by harsh weather such as floods in Kenya					
There are more environmental standards for MNEs					
MNEs based in Kenya have higher pollutions than parent companies					
MNEs influence environmental regulations					

15. Indicate the extent to which the identified ecological challenges affect the multinational enterprises operating in Kenya? Use the ratings:

- 1- Very Little Extent
- 2 – Little Extent
- 3 –Moderate Extent
- 4 – Large Extent
- 5 –Very Large Extent

Ecological	1	2	3	4	5
MNEs are affected by harsh weather such as floods in Kenya					
There are more environmental standards for MNEs					

MNEs based in Kenya have higher pollutions than parent companies					
MNEs influence environmental regulations					