INTERNATIONALIZATION OF THE CO-OPERATIVE BANK OF KENYA LIMITED IN THE EAST AFRICAN REGION

BY

DOROTHY BOSIBORI MOSE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT FOR THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER, 2013

DECLARATION

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

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

DOROTHY BOSIBORI MOSE
D61/75841/2012

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

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

DR. JOHN YABS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

I would like to take this opportunity to pass my heartfelt gratitude to all the people who played a big role in assisting me complete my study. First of all, I give thanks to the Lord for giving me good health to start and complete this project successfully, without Him, I would not have come this far.

To my supervisor, Dr. John Yabs, thank you for your dedication, time and effort to guide me. Your comments, advice, criticism and suggestions are highly appreciated. Without them, this undertaking would not have come to fruition.

DEDICATION

To my family members and all those who supported me in the completion of this project writing. Thank you and God bless you abundantly.

ABSTRACT

In existing international business literature and theories, mature multinational corporations play a dominant role, whereas banks and their internationalization processes have only recently attracted broader interest from researchers. This is evidenced in several countries, particularly those that have experienced a balance of payment deficits, have attempted to increase the international business activities of their banks. The theoretical framework ha studied several mainstream internationalization theories, mainly from the perspective of banks: models, early internationalization theories and international business. Internationalization in the banking industry is of considerable relevance owing to the observed growth effects and their demonstrated capacity to drive the economy at national, regional and global levels. Banks are using internationalization as a tool for growth and sustainability. Banks are diversifying into foreign markets to spread risk. The main reason for banks going international is the need for them to stay competitive in their respective environment. The study incorporated government related issues for example tax regulation, labor laws and regulatory framework in the countries where banks expanded greatly and how the regulations affected the internationalization process. The study recommends that banks seeking to internationalize need to consider some factors prior to embarking on the internationalization process as well as evaluate the legal and regulatory frame work within the region in which they are to expand.In order to better understand and help to describe banks internationalization process, the methods by banks internationalize have also been studied and contrasted. The source of data was an interview guide. An interview guide was employed as the sole research instrument. The researcher used the interview guide to aid in obtaining information from the respective respondents who were the top management staff that were well conversant with the banks' operations. Qualitative research analysis was used which is fundamentally interpretive and interpretation which represents personal and theoretical understanding of the phenomenon studied. The study incorporated data display, including graphs and charts.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF ABREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product
JV	Joint Venture
LLL	Linkage Leverage Learning
MNC	Multinational Corporation
OLI	Ownership, Location, Internalization

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Internationalization is simply defined as “the process of increasing involvement in international operations” (Welch and Luostarinen, 1988). They defined 'the internationalization' of a firm as "...entering and initially developing operations in another country" (Chryssochoidis and Millar and Clegg, 1997). Today, as the world is getting more and more global, the approach to internationalization is somewhat changing. Most companies have an international perspective. Large companies see the international markets as natural expansion possibilities. Nevertheless, companies have different views on their international expansion. Some see it as a normal extension when the domestic market has been explored, other companies view international expansion as an obvious part already from start. The latter companies are often referred to as Born Globals (Rennie, 1993)

Kenya’s Co-operative Bank of Kenya Limited made its first investment outside the country, taking up a 51 percent stake in its South Sudan subsidiary with the South Sudan Government holding the remaining 49 percent stake. The deal which was revealed by the banks Managing Director Gideon Muriuki entails a Greenfield joint venture worth 1.2 billion shillings ($15 million) with the government of South Sudan. The bank plans to open five branches in the capital Juba by December. The Co-operative Bank of Kenya Limited becomes the fourth

Kenyan bank to venture into South Sudan where subsidiaries of other banks post impressive results. The Co-operative Bank of Kenya Limited will use South Sudan as a case study to guide its planned expansion into Tanzania, Rwanda and Uganda. The bank posted 4 billion shillings ($447 million) in pre-tax profits in the six months to June 2012 up from 3.3 billion shillings ($39 million) in the previous year, marking a 21.7 percent jump. The bank loans book grew by 18.3 percent to stand at 112.6 billion shillings up from 95.1 billion shillings the previous year. (Rennie, 1993)

1.1.1 Concept of Internationalization

The term internationalization was first coined in 1920s when the organizations started framing cross border relation within the market economies. Different authors explain the phenomena of internationalization from organization theory, marketing, strategic management and small business management perspectives (Ruzzier, Kranj, & Kanj-razj, 2006). Theories on firm's internationalization focus on the concept that firms start developing their internal market when the transactions cost within the firms remain lower. The process of internal market development continues until the benefits and the cost of transactions for further internationalization is equal to the margin (Ruzzier, Kranj, & Kanj-razj, 2006). Limited investments are made in culturally and geographically close markets. After the company has gained experience, investments are increased and more distant markets are penetrated.

Firms deciding to enter a foreign market face a critical decision in choosing the best market entry mode to service the market. This decision is crucial because it can have an ongoing impact on a firm's international business performance (Anderson and Coughlan, 1987; Klein and Roth, 1990). Of the many options available to firms, the two modes considered most often are exporting and foreign direct investment (FDI). These two methods represent extreme approaches. Firms adopting the first approach initially establish themselves in a foreign market through exporting. After gaining knowledge and experience in the host country, they may then expand their operations in that country through ownership of production or distribution facilities. Exporting allows a firm to internationalize without major investment in a foreign market (Mahoney et al., 1998). It is a low resource commitment and a low risk entry mode. However, it is also associated with a low profit return and provides little control to the firm (Agarwal and Ramaswami, 1992).

1.1.2 Banking sector in Kenya

According to the Central Bank of Kenya, there are 43 licensed commercial banks in Kenya. Three of the banks are public financial institutions with majority shareholding being the Government and state corporations. The rest are private financial institutions. Of the private banks, 27 are local commercial banks while

13 are foreign commercial banks (CBK, 2012). Commercial banks in Kenya play a major role in Kenya. They contribute to economic growth of the country by making funds available for investors to borrow as well as financial deepening in the country. Commercial banks therefore have a key role in the financial sector and to the whole economy. Bank financial performance in the recent past has significantly improved since 2000. Data from the Central Bank of Kenya shows a significant growth in the industry in all areas including financial performance (CBK, 2012).

The banking industry in Kenya has grown over the years since the Central Bank of Kenya put up measures to regulate the banks in order to streamline the activities and more so to prevent the collapse of the banking industry as had been before. Banks expand internationally by establishing subsidiaries and branches or taking over established foreign banks. This internationalization of banking systems has been encouraged by the liberalization of international financial markets (Muthungu, 2003). The banking industry in Kenya has also involved itself in automation, moving from the traditional banking to better meet the growing complex needs of their customer and globalization challenges. There has been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most.

Central Bank of Kenya is tasked with formulating and implementation of monetary and fiscal policies. Central bank is the lender of last resort in Kenya and is the banker to all other banks. The CBK ensures the proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling. Kenyan banks have realised tremendous growth in the last five years and have expanded to the East African region. (CBK, 2012)

1.1.3 The Cooperative Bank of Kenya

In the banking sector, there is the Cooperative Bank of Kenya that is owned by the cooperative movement. It was registered as a cooperative in 1965 and was licensed as a commercial bank in 1968. Its main objective was to mobilize savings and provide credit facilities to the cooperative movement, particularly the cooperative unions in the agricultural sector that were experiencing difficulties in obtaining credit to facilitate marketing of members' produce. Though the bank had been licensed to do banking business under the banking Act, it retained its tradition of a cooperative. To ensure cooperative ownership of the bank, 70 per cent of the bank's shares have, for a long time, been held by cooperatives while individual co-operators have held 30 per cent of the shares. However, this structure of ownership is likely to change following the conclusion of a successful Initial Public Offer (IPO) of 700 million shares in November 2008, which saw the bank open up shareholding to the general public. With the conclusion of the said IPO, the Cooperative Bank boasts of a capital base of KES 13.5 billion (USD

$180 million), which makes it one of the strongest banks in Kenya. It made a before-tax profit of KES 3.4 billion (USD $45.3 million) at the end of 2008. (CBK, 2012)

Employing over 1,300 staff, the bank is set to further expand its branch network across Kenya, roll out mortgage products and strengthen its ICT in order to connect with SACCOs. The Bank has not only been instrumental in providing banking services to cooperatives, but has also been the source of affordable credit for the cooperative movement. For instance, it lends approximately KES 3.5 billion (USD $46.7 million) annually to SACCOs, in order to increase their liquidity levels so they can meet member demands for loans associated with school fees. Moreover, the Cooperative Bank serves as a mechanism through which most donors to the agricultural sector, particularly those that produce coffee, can channel their support. This has allowed the Cooperative Bank to network with many donors, such as FAO, the SCC, Sida and the European Union, among others. As a commercial bank licensed under the Banking Act, the Cooperative Bank is quite visible and complies with all regulatory requirements. (CBK, 2012)

1.2 Research Problem

Commercial banks in Kenya play a major role in Kenya. They contribute to economic growth of the country by making funds available for investors to borrow as well as financial deepening in the country. Commercial banks therefore have a key role in the financial sector and to the whole economy. Kenya's Co-operative Bank of Kenya Limited made it first investment outside the country, taking up a 51 percent stake in its South Sudan subsidiary with the South Sudan Government holding the remaining 49 percent stake. The Co-operative Bank of Kenya will use South Sudan as a case study to guide its planned expansion into Tanzania, Rwanda and Uganda.

Financial activity across borders is a phenomenon as old as international trade (Marquardt, 1994). Since the 1960s, the internationalization of banks has expanded at a rapid pace, and banks from all over the world have established themselves abroad since then (Lindstrm, 2003). In an internationalization process, services are assumed to be encountering larger risks than manufactured goods, since service providers often immediately have to establish its operations abroad and cannot gradually export the goods (Vlikangas & Lehtinen, 1994). This is due to the fact that services generally cannot be separated from the person performing or selling them (Nicolaud, 1989). Because of the shift from traditional mature markets towards emerging markets, there is a gap in theory concerning the internationalization of banks from emerging markets.

This proposal will specifically handle the banking sector that is involved in the international market and study their entry strategy and will seek to answer the question, what are the entry strategies used by The Co-operative Bank of Kenya Limited in its internationalization process?

1.3 Research Objective

The objective of this research was to determine the process of internationalization of The Co-operative Bank of Kenya Limited in East African region.

1.4 Value of the Study

This study is expected to benefit The Co-operative Bank of Kenya Limited, as they would be able to know the impact of internalization. It is also expected that the study would aid the bank and its policy makers in their effort to re-energize the bank.

This study would contribute to both knowledge building and practice improvement in internalization of the banking sector. From a theoretical standpoint, this study proposes a comprehensive framework of studying internalization the banking sector.

The results of this study would also be valuable to researchers and scholars, as it would form a basis for further research. The students and academics would use this study as a basis for discussions on the impact of internalization the banking sector.

This study will also be of beneficial to the government as it is involved in setting rules and regulations for the banking sector. Some of the challenges facing internationalization of banks are the stringent regulations set by government. The study will help the policy makers to review and have lesser stringent regulations thus enabling more firms to operate beyond borders

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from the available literature in the same field of study. The specific areas covered in this chapter are the concepts of internalization on firms.

2.2 Theoretical foundation

Many theories have been developed to explain the aspects of the internationalization process of companies. The theoretical foundation includes Internationalization theory, Networks approach and the "life-style firm"

2.2.1 Internationalization theory

The term 'internationalization' is ambiguous and definitions vary depending on the phenomenon they include. Penrose's (1959) point of view on the topic focuses on the firm's core competences and opportunities in the foreign environment. Welch and Luostarinen (1988) defined internationalization as the process in which firms increase their involvements in international operations. Johanson and Vahlne (1977) agree with that. By some scholars internationalization is also defined as the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future and conduct transactions with other countries.

The internationalization process of the firms can be analyzed in different ways. In previous studies, authors analyze the internationalization process of firms from network-based view and resource-based view. Network base view provides a comprehensive framework to understand the firm as embedded actor in the business network and research focuses on the management of international relation (Ruzzier, Kranj, & Kanj-razj, 2006). The resource-based view on the other hand is developed within the field of strategic management. In a business network, the position of the firms can be explained from micro (firm to firm) and macro (firm to network) perspective.

There is no common consensus on the definition of 'internationalization' in the academic debate (Andersen, 1997). Chetty and Campbell-Hunt (2003) conclude that this term "...is ambiguous and the definitions vary" within the scientific literature (798). Subsequently, several views on the definition of the 'internationalization of a firm' are provided. Calof and Beamish (1995) defined 'internationalization' from a procedural and organizational point of view as "the process of adapting a firm's operations (strategy, structure, resources, etc.) to international environments." 'Internationalization' has been defined as simply "the process of increasing involvement in international operations" (Welch and Luostarinen, 1988). It is also defined as "...entering and initially developing operations in another country" (Chryssochoidis and Millar and Clegg, 1997).

2.2.2 Networks approach

This approach was developed from the work of the Uppsala's school. Indeed, Johanson and Vahlne (1990) re-examined their previous model (1977) and pointed out the importance of the position of the firm in its network. They used the concepts already utilized in their original model and tried to explain motivations and behaviours of internationalization while placing the firm within a multilateral framework mobilizing the relations intra and inter organizational. Consequently, internationalization is defined in terms of connexions developed through the commercial operations carried out with other countries via the three stages described by Johanson and Mattson (1988): prolongation, penetration and integration. Prolongation is the first step to integrate the network. It is accompanied by new investments for the firm. The penetration refers to the development of the positions of the firm within the network and the increase of its resources of commitment. Integration constitutes an advanced stage where the firm is linked-up to several national networks that must coordinate.

The establishment of financial, technological and commercial relations with the other partners of the network enables to the firms to extend their relationships and to gradually widen their activities from their own territory until becoming international. Thus, Johanson and Mattson (1988) conceive internationalization as a cumulative process in which the relations are established, developed and maintained continuously in order to attain the objectives of the firm. For these authors, a firm can be considered as international given that other firms in its networks are international. In their model, the progressive learning and the acquisition of knowledge through the interactions inside the networks have a great importance. The network approach offers a new perspective in interpretation of the internationalization process. The networks are fundamental for firms to be able to develop their limited resources. It also allows a better understanding of international entrepreneurship (Aspelund and al., 2007). The International New Ventures (McDougall, Oviatt, 1994) and Born globals (Madsen, Servais, 1997) draw on some individual resources such as training, experience and international vision, (Oviatt, McDougall, 1994, Fischer, Reuber, 1997, McDougall, Oviatt, 2000; Ortiz, Lombardo, 2009), organizational such as technological advances (Pla-Barber Escriba-Esteve, 2006) and relational (Mort, Weerawardena, 2006).

2.2.3 The "life-style firm"

Once a firm has reached a size that permits the owner an attractive income there may arise a trade-off between his or her quality of life and further business growth. Expansion means permanently tackling new challenges, decision making and risk-taking. Therefore, it might be preferable for the owner-manager to maintain the business small and to play in an already known field. There has to be a strong intrinsic "achievement motivation", a personal will to expand the business, make more money and lead an ever larger organization (Davidson, 1989). There are further reasons for maintaining the business small though the market and external conditions might be appropriate.

Many business-owners do not want to share strategic decisions with business partners or even subordinates. They prefer the autonomy of being the leader of a small business to the advantages of being the general manager of a larger entity. This type of entity is labeled the "life-style firm" (McMahon2000, Hanks et al. 1993, Hay and Kamshad 1994).

2.3 Internalization Of The Banking Sector

Hicks (1969) through his study on the growth of financial institutions noticed that financial institutions might facilitate growth, though he focused on capital formation. From this perspective capital formation can be influenced by financial institutions through altering the savings rate or by reallocating savings among different capital producing technologies. Liquidity is crucial here. The high-return projects involve a long-run commitment of capital and savers are generally reluctant to lose control of their savings for a long time. The task of financial institutions is to enhance the liquidity of long-term investments so that more investment is expected in the high-return projects. According to Hicks the industrial revolution in England was mainly caused by the capital market improvements that moderated liquidity risk (Levine, 1997).

The significant growth of commercial banks and automated processes within the context of increased competition has encouraged banks to expand their operations to take advantage of economies of scale. Network expansion may include the establishment of new branches, trade centres and points of sale. Larger banks are increasingly looking to acquire shares in banks with smaller operations as a means of integrating the smaller operators into their networks. Mega consolidations have arisen from such practices, including Chemical Bank, Chase Manhattan, the Bank of America, National Bank, and most recently Tokyo Bank and Mitsubishi Bank. Increasingly operational expansion, in terms of geography, consolidation and the mergers of banks, reaches beyond borders. Large banking conglomerates include Japanese, American, French, German and British banks, have appeared on every continent, and compete with each other globally. Bank development is the driving force of the world economy.

Financial activity across borders is a phenomenon as old as international trade (Marquardt, 1994). Since the 1960s, the internationalization of banks has expanded at a rapid pace, and banks from all over the world have established themselves abroad since then (Lindstrˆm, 2003). According to Albers-Miller & Straughan (2000) banks have been encountering numerous challenges during the past two decades, including competition, recessions and image problems. Additionally, many banks have been facing mature domestic markets with limited future growth potential, which as a result, has led to expansion of their services abroad (ibid). Until recently, banks were seen as highly bureaucratic organizations operating solely in national markets. Today, they are more likely to be efficient and modern institutions operating in a highly competitive environment, and often on international markets. (Quintana, 2003) There are three primary driving forces behind these transformations. The first force is the process of globalization (Daniels & Radebaugh, 2001). Globalization has affected the banking sector both directly, through the increasing interdependence of national financial markets, and indirectly, through the parallel internationalization of organizations. The second force is the reduction of regulations concerning the banking industry in most countries, including the decreasing interference of central banks. (Quintana, 2003) Finally, the technological expansion has been an important factor behind the transformations (Daniels & Radebaugh, 2001).

For long time retail banking operations have to a great extent been conducted nationally. However, internationalization within this sector is now taking place, either through cross-border mergers and acquisitions, or through the establishment of subsidiaries in foreign countries. (Quintana, 2003) Flohr-Nielsen *et al.,* (2003) claim that the best place to study how companies meet market and technology challenges is within the Nordic-banking sector. What makes this banking sector particularly interesting are the ongoing changes reflected in mergers, acquisitions and technological developments. (ibid) Apart from the Benelux countries, the Nordic countries appear to be the only region within Western Europe where cross-border bank mergers have achieved satisfactory results. The reason for this success is said to be the resemblance in culture, language and history of the countries within those regions. (Quintana, 2003)

2.4 International market entry modes

International market entry modes can be classified according to level of control, resource commitment, and risk involvement (Anderson and Gatignon, 1986; Erramilli and Rao, 1993; Hill, Hwang and Kim, 1990). For example, in a study of the international operations of service firms in the United States, Erramilli and Rao (1993) classify market entry modes into two categories based on their level of control full-control (i.e. wholly owned operation) and shared-control mode (i.e. contractual transfer or joint venture). The classification system adopted by Kim and Hwang (1992) is three fold: licensing, joint ventures and wholly owned subsidiaries. Kwon and Konopa (1993) indicate that each foreign market entry mode is associated with advantages and disadvantages in terms of risk, cost, control, and return. Agarwal and Ramaswami (1992) suggest that the most commonly used entry modes are exports, licensing, joint venture and sole venture.

Based on the location of products produced, Terpstra and Sarathy (2000) divide market entry methods into three major categories indirect exporting, direct exporting and foreign manufacturing. Because many factors influencing the choice of market entry modes have been suggested in the literature, it is not possible to include all the factors in a single study (Anderson and Coughlan, 1987). The conceptual framework regarding the choice of foreign market entry modes used in this study is based on the results of studies in the literature, mainly those in the area of the eclectic framework. The eclectic framework was first proposed by Dunning (1977, 1980, 1988) and was then expanded by other researchers (e.g. Hill, Hwang and Kim, 1990; Kim and Hwang, 1992). The eclectic approach has been widely used in explaining the choice between FDI and other market entry modes (e.g. Agarwal and Ramaswami, 1992; Kim and Hwang, 1992). This study will focus on one of its three key elements location specific factors. It has been suggested that location and ownership endowments are the most likely factors determining the choice of FDI or exporting modes (Dunning, 1973).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents description of the research methodology that was used in the study. The methodologies used in the research study included research design, data collection and analysis procedures.

3.2 Research Design

This study employed an interview guide approach on the impact of internalization of banks in Kenya. The interview guide design is used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho2004). Berg and Gall (1989) Note that an interview guide is intended to produce statistical information about aspects of education that interest policy makers and educators. The choice of the research design is based on the fact that in the interview, the research is interested on the state of affairs already existing in the field and no variable would be manipulated.

3.3 Data Collection

The study employed an interview guide as a primary data collection method. Primary data is data that has not been previously published, that is, data derived from a new or original research study and collected at the source. It is information that is obtained directly from first-hand sources for example by means of surveys, observation or experimentation. An interview guide was employed as the sole research instrument. The researcher used the interview guide to gather information from the selected top management staff.

The researcher used the interview guide to aid in obtaining information from the respective respondents who were the top management staff that are well conversant with the banks' operations. The researcher exercised care and control to ensure all interview guides used to collect data from the respondents were filled and to achieve this, the researcher maintained a register of interview guides, which were used. The primary focus in this research was on top management, thus the respondents included ten top management staff.

The researcher administered the interview personally to the respective respondents. The researcher randomly interviewed ten management staff that are well conversant with the banks' operations. The researcher exercised care and control to ensure all interview guides issued to the respondents were received and achieve this, the researcher maintained a register of the interviews sent and received.

3.4 Data Analysis

Before processing the responses, the completed interview guides were edited for completeness and consistency. The data was coded to enable the responses to be grouped into various categories. The data was analyzed using content analysis.

Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion. It can be a useful technique to discover and describe the focus of individual, group, institutional, or social attention. It also allows inferences to be made which can then be corroborated using other methods of data collection (Weber, 1990). Qualitative content analysis does not produce counts and statistical significance. It uncovers patterns, themes, and categories important to a social reality. Presenting research findings from qualitative content analysis was challenging. Although it is a common practice to use typical quotations to justify conclusions (Schilling, 2006), the study incorporated other options for data display, including graphs and charts (Miles & Huberman, 1994). Qualitative research is fundamentally interpretive, and interpretation represents your personal and theoretical understanding of the phenomenon under study.

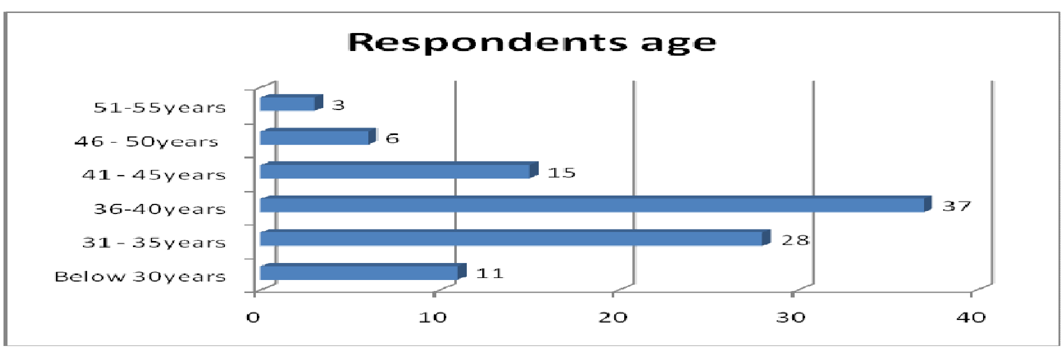
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of data findings on the process of internationalization of the Co-operative bank of Kenya Limited in East African region. The research targeted all staff working at Cooperative banks in Nairobi central business district.Both descriptive statistics and content analyses were used. In the descriptive statistics, relative frequencies, pie charts and bar graphs were used while the in content analysis all the information given on the interview guide was presented in prose form. The commendable response rate was achievable after the researcher administered the interview guide personally and made personal visits and phone calls to remind the respondents to fill-in and return the guide.

4.2 General Information

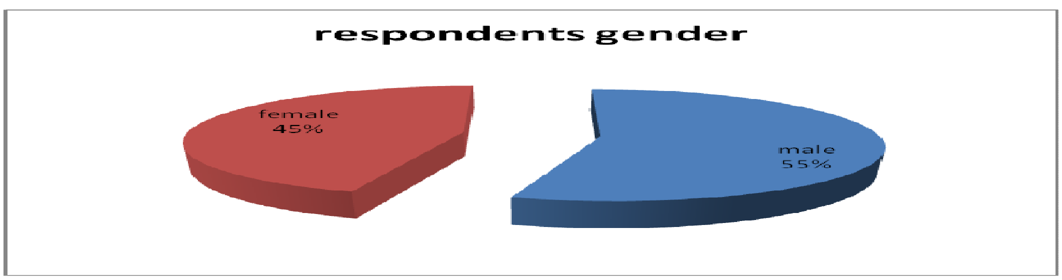
Figure 4.1 Respondent's age



From the figure above on the age of the respondents, the study requested the respondents to indicate their age category, from the findings, the study found that most of the respondents as shown by 37% indicated that they were aged between 36 to 40 years, 28% of the respondents indicated 31 to 35 years, 15% of the respondents indicated that they were between 41 and 45 years,11% indicated that they were below 30 years,6% indicated that they were between 46 and 50 years whereas 3% of the respondents indicated that they were above 51 years, this is an indication that respondents were well distributed in term of their age.

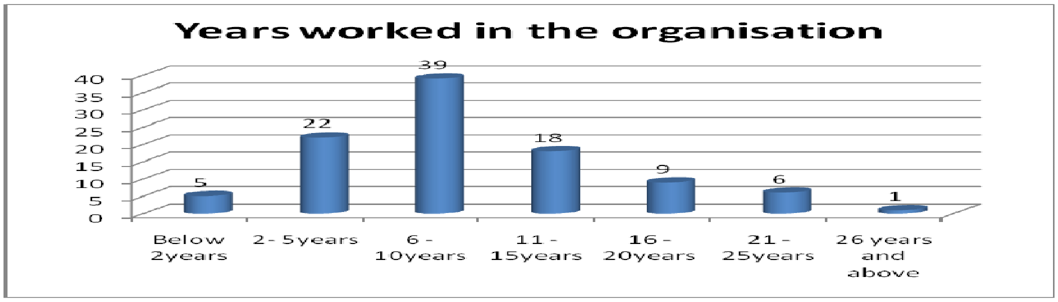
This also shows that majority of the respondents had been in their organization for quite some time and they had adequate knowledge on internalization process by the bank and its overall effects on the banks operations.

Figure 4. 2 Respondent's gender



The study sought to determine the gender of the respondents and therefore requested the respondents to indicate their gender, from the findings the study found that majority of the respondents as shown by 55% indicated that they were males whereas 45% of the respondents indicated that they were females, this is an indication that both genders were involved in this study and thus the finding of the study would not suffer from gender biasness.

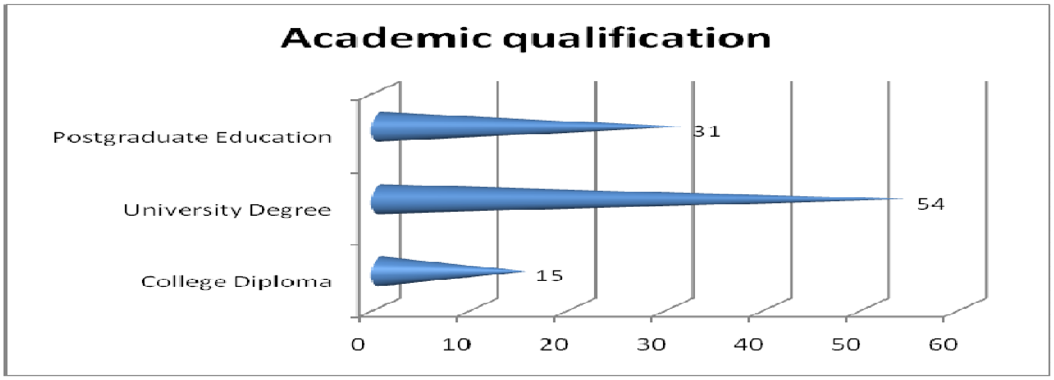
Figure 4.3 Duration worked in the bank



From the finding on the time of service, the study found that majority of the respondents as shown by 39% indicated that they had served in the bank for 6 to 10 years, 22% indicated 2 to 5 years, 18% indicated to have served for between 11 to 15 years, 9% indicated 16 to 20 years, 6% indicated 21 to 25 years, 5% indicated to have worked for less than 2 years whereas 1% indicated to have served for over 26 years.

This is an indication that majority of the respondents had served in this the cooperative bank for more than 3 years and so give credible information. This is an indication that the respondents had adequate information in regard to the banks operation and have also witnessed the bank branching in the neighboring countries and the entire effects of these decisions.

Figure 4.4 Educational level



From the figure above on the respondent highest level of education, the study found that 54% of the respondent indicated that they had attained a university degree,31% of the respondent indicated that they had attained a post graduate qualifications and only 15% indicated to have reached college level as their highest academic qualification.

This show that respondent in the bank well educated and would be able to clearly distinguish the internal and external factors affecting or facilitating the bank to go international.

4.3 Internalization of Co-operative Bank

4.3.1 Internalization policy

This study wanted to establish whether the bank had have an internalization policy, from the findings the study found out that the bank had a very effective international policy which has been developed from the mother bank in Kenya. The policy has been developed to facilitate the bank in its internationalization procedures and acts a guide whenever the banks want to open offices, branches, acquire shareholding in the neighboring countries.

This policy is guided by the “follow their customers” principle of the bank when it comes to internationalization. This is also reflected in its customer base in the neighboring countries which is mostly made up of Kenya’s SMEs which are active in Uganda, Tanzania, Southern Sudan and Rwanda. These results are in line with the results of previous studies done by Alfred, (2003) in Germany banks moving to China which indicate that German banks often seem to follow their customers when they internationalize.

On the respondents opinion whether internalization provided a sustainable growth to the bank, it was established that majority of the respondents felt that internalization provided a sustainable growth to a very greater extent in terms of telecommunication advances, easing of regulatory barriers and global economic integration. They suggested that internationalization brought to the bank dramatic increase their cross-border lending, investments and international sources of finances. The host countries which included southern Sudan have reaped substantial gains through the increased availability of finance to creditconstrained firms and households, the provision of sophisticated financial services, and incentives for improved efficiency as domestic banks have had to compete with foreign entrants.

The respondents also stated that the ability of foreign-owned banks to raise funding from their parent banks abroad can fuel a domestic credit boom, potentially offsetting efforts by central banks to contain inflationary pressures or restrict capital inflows.

4.3.2 Entry strategy

The interviewee were requested to indicate whether the bank chose from a variety of entry strategies, from the findings the respondents indicated that bank used two forms of entry by which were Greenfield entry, which involved the establishment of subsidiary from scratch, and the second being the Control acquisition, when some shares or other form of firm's capital are purchased by the bank. From the respondent's point of view, foreign entry was associated with establishment or acquisition of representative office; bank's branch office or a subsidiary bank.

This study also sought to find out strategies used by Cooperative bank in entering new markets in East Africa region from the study it was revealed that the bank's major strategies revolved around the entry mode, expansion and operation strategies which the bank sought to use while entering into these markets. The main strategies included competitive advantage, return on investments and the market analysis portfolios expansion and operation strategies included, market penetration, product development and wholly owned subsidiaries. All these strategies follow the customer strategy; leading the customer strategy; market-seeking strategy; and follow the leader strategy.

The interviewee were requested to indicate whether the bank used any other entry strategy apart from the ones currently, from the findings the interviewee indicated that entry strategies were revised from time to time, the changes in entry strategy was attributed to changes in competitive environment as other banks in the industry kept on changing their entries strategies in order to gain competitive advantage over their rival which necessitated change in entry strategies from time to time. The new entry strategies were effective as they were helping the bank gain market through various marketing and entry strategies.

On the extent to which the entry modes affected the banks entry strategies, the interviewee indicated that these strategies affect the entry mode to a very greater extent. The respondents suggested that these strategies should focus on uniqueness of product, International experience and knowledge of cultural issues, barriers to entry and designing a good business model. The interviewee indicated that there was the need to acquire new technologies as this would help the firm in production efficiency

4.3.3 Management issues

From the findings on whether the management motivates and encourage the bank to open branches in the region, the interviewee indicated that the management in most cases fear going international due to the fear of unknown especially on risks which may either be economic or political. The expansion strategy of cooperative bank should be to evaluate the reasons for entry into the host country market. Supporting and developing the local client base was mentioned by respondents also as quite an important motive. These findings were similar to those of Hellman (1996) who pointed out the management always differ on the internationalization strategies to be used by the banks which includes the customer-following strategy, the follow-the-leader strategy and the market-seeking strategy.

The research wanted to determine whether the banks decision-making process was satisfactorily in entering new markets, from the respondents it was established that the bank always undertakes a feasibility study incase such a chance arises. This is followed by the approval of the top level management who do a thorough comparison of the performance of other banks operating in the targeted market niche. The respondents therefore agreed that the decision making process was satisfactory though it took large time frames and required thorough scrutiny.

The researcher also wanted to establish whether the management consider the opinion of employees when entering new markets, it was established that it's not a common thing all what happens either some employees are notified that they may be posted to work in the subsidiaries but on senior positions

4.3.4 Venture market

The interviewee were requested to indicate whether there was criterion in selecting which market to venture in to, from the findings it was established that the bank first conduct a feasibility study on the targeted market. This is followed by approval from the bank's Board and the senior management. The banks also undertake a research on the competition brought about by the other foreign banks whereby it's able to establish the kind of products and services which have been left out and they can be used to gain a larger market niche in case the bank decides to set a subsidiary in the country.

On whether Cooperative bank would consider internationalizing out of the East African region, the study established that the bank was ready but would only consider those countries without very stringent regulations or which are not over protecting the local banks. The results suggest that cooperative banks have probably followed all the three strategies, but looking for new business opportunities, representing the market seeking strategy, clearly has a higher average importance. Looking for new business opportunities mean also the resource seeking, efficiency seeking or the strategic asset seeking strategy, but it is not possible to distinguish between them among the respondents by the interview guide.

On whether East African region in need of the banks products and services, the respondents strongly agreed stating that East Africa is doing excellent on economic development which goes hand in hand with service industries especially the banking. Countries like Rwanda and Southern Sudan are doing well economically and there a lot of Kenyans who are operating businesses there. Majority of these customers would influence the other residents in using the services of this bank. The liberalization of the east Africa communities could be also another factor that would influence the excelling of Cooperative banks in its endeavors, people around east Africa would move across the countries with a lot ease and this would facilitate doing transactions anywhere.

On whether cooperative bank products and services competitive locally, the study revealed that the bank is doing very well and its even opening numerous branches all across the country. Being the mother to all Sacco's in Kenya the bank is able to facilitate even ATM withdraws to all Sacco members via its efficient automated teller machines. The bank has also a variety of products which have hit the market with a boom making it among the best performing banks in the Country.

The study also wanted to establish the benefits of internalization as experienced by the respondents from the Cooperative bank; from the study it was revealed that among the benefits of internationalization is that depositors can move their deposits into more reliable foreign banks, which can help prevent the collapse of the whole banking market. The flight to quality of deposits during crises can be also interpreted as an enhancing ownership and location-specific advantage of foreign banks in eclectic theory and therefore it also explains the timing of foreign entry.

Branches certainly and subsidiaries of banks probably benefit from parental support during crisis and therefore the liquidity and capitalization of foreign banks is less volatile during crises. The financial stability of foreign banks is yet another ownership advantage that is highest during crisis times. Foreign banks can hope for parental support during crisis and so they can be more efficient by holding lower capital ratio during crisis. Domestic banks have to hold higher capital ratios during crisis to prevent bank failure.

On the results to entering the new markets in the region, the study established that Cooperative bank was evaluated highly the following foreign banks' advantages that are in terms of their reputation; better range and quality of banking innovations and better risk management. These finding concurred with those of Williams' (2004) who suggested that in developing countries the globalization hypothesis holds and foreign banks have a competitive advantage over domestic banks.

4.3.5 Barriers of internalization

The study also wanted to determine the barriers of internationalization, from the study it was established that foreign banks seem to find a way of entering markets where the underlying conditions are favorable. The respondents indicated that among the barriers to internalization includes the unstable economic environment, non existence of commercial laws and a macroeconomic policy that avoids hyperinflation and maintains the viability of the monetary system. They also indicated that other barriers may include the non existence of payments system and an interbank market that allows for business dealings with the local banks.

The interviewees were requested to indicate some of the challenges that their bank faced when entering the international market, from the findings the interviewee indicated that the challenges were stiff competition from other banks in the industry in the region, high cost of doing business in other countries , legal restriction in the host country , low market share, hostile environment, lack of government support, low product uptake by customers and lack of strategic partner in the industry.

Others include the regulatory environment and employee recruiting and retention. Another major issue for the Cooperative banks was competition from other foreign banks. This might reflect the size of the participating banks. In addition, protected domestic institutions, such as state-owned banks, may respond to increased foreign competition by venturing into higher risk areas to maintain their franchise value.

On what the respondents advocated for Cooperative bank to continue with the process of internalization, majority of them stated that the bank should include a skilled personnel and managerial resources, favorable financial sources, widespread and efficient banking networks, knowledge and experience in multinational operations. This should be run by expertise in servicing a particular customer type, established creditworthiness, differentiation of banking products, and prestige. The bank should also come up with a very strong information system providing an opportunity for the bank to differentiate itself via positioning its products to a particular market or customer group on the basis of superior knowledge.

CHAPTER FIVE: SUMMARY,CONCLUSION AND RECOMMENDATIONS

5.1Introduction

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objective of the study. The researcher had intended to determine the process of internationalization of the Co-operative bank of Kenya ltd in east Africa region.

5.2 Summary of the findings

The study found out that strategy analysis and implementation was really important in the bank's decision of entering the international markets. The different markets of the country determined the nature of the business environment. Its regulations thus determined how safe the bank felt its operations would be. The competition in these countries determined how the bank would approach the market and how this reflected on the business.

The bank also had to foresee growth in these regions so as to do business there. Competitive Advantage was the most chosen mode of entry strategy for the bank as it sought to enter these markets. Market demand greatly affected the location of the branches. Product development as an expansion strategy affected the decision of which products to promote as some are focused on some age brackets.

This study also sought to find out strategies used by Cooperative bank in entering new markets in East Africa region from the study it was revealed that the bank's major strategies revolved around the entry mode, expansion and operation strategies which the bank sought to use while entering into these markets. All these strategies follow the customer strategy; leading the customer strategy; market-seeking strategy; and follow the leader strategy.

The study further revealed that the bank is doing very well and it's even opening numerous branches all across the country. Being the mother to all Sacco's in Kenya the bank is able to facilitate even ATM withdraws to all Sacco members via its efficient automated teller machines. The bank has also a variety of products which have hit the market with a boom making it among the best performing banks in the Country.

It also came to the researcher's attention that the bank had a very effective international policy which had been developed from the mother bank in Kenya. The policy had been developed to facilitate the bank in its internationalization procedures and acts a guide whenever the banks want to open offices, branches, acquiring shareholding in the neighboring countries.

On the criterion used in selecting which market to venture in the study revealed the bank first conduct a feasibility study on the targeted market. This is followed by approval from the bank's Board and the senior management. The banks also undertake a research on the competition brought about by the other foreign banks whereby it's able to establish the kind of products and services which have been left out and they can be used to gain a larger market niche in case the bank decides to set a subsidiary in the country.

It was further revealed that the bank used two forms of entry strategies which were Greenfield entry, which involved the establishment of subsidiary from scratch, and the second being the Control acquisition, when some shares or other form of firm's capital are purchased by the bank.

On the challenges faced in the foreign market the research revealed some of them which included the regulatory environment and employee recruiting and retention. Another major issue for the Cooperative banks was competition from other foreign banks. In addition, protected domestic institutions, such as state-owned banks, may respond to increased foreign competition by venturing into higher risk areas to maintain their franchise value.

Finally was suggested that Cooperative bank include a skilled personnel and managerial resources, favorable financial sources, widespread and efficient banking networks, knowledge and experience in multinational operations. This should be run by expertise in servicing a particular customer type, established creditworthiness, differentiation of banking products, and prestige.

5.3 Conclusions

Internationalization of banks is a very topical subject in the developing countries. The analysis showed that the dominating entry motive has been search for new business opportunities which can be interpreted as the market seeking strategy. The study concludes that foreign banks have several ownership advantages which include higher reputation and better access to funding resources.

5.4 Recommendations

The study also made a number of recommendations to the bank under study, policy makers and brought up areas for further research. The governments of most of these neighboring countries can improve the conditions for inward foreign direct investments to attract firms with financial power such as Cooperative bank to consider their countries as suitable for setting up operations; this is beneficial to the host country as a source of employment for its people. A successful and sustainable internationalization will require an internationalization strategy and the acquisition of a series of capacities, abilities and resources prior or at the first steps of internationalization.

The recommendation to cooperative bank is that it should have a flexible policy to allow it to utilize other forms of internationalization such as acquisitions in more mature markets where there are suitable candidates for acquisition. This will help the to penetrate the market faster and gain market share within a short period of time rather than going through the slower route of a Greenfield venture in such mature markets.

5.5 Recommendation for further studies

Further research can be carried out on firms in a different sector e. g manufacturing to determine whether Ownership, Location and Internalization are the factors that would make a firm to start foreign operations.

5.6 Limitations of the Study

A limitation for the purposes of this study was regarded as any factor that was present from the onset and affected or could have affected the attainment of research objectives. First, this was a case study where the unit of analysis was one organization. Thus the findings may not be applicable to other organizations as there are no two organizations that are similar by any definition.

Another limitation involved the suspicion from the target respondents who were not ready to provide data needed for the study fearing that the information they provide may be misused. The researcher overcame this by carrying with her a data collection form from the University and assuring the respondents that the information requested will be treated with high level of confidentiality.

REFERENCE

Andersen, O. (1997). Internationalization and market-entry mode: A review of theories and conceptual frameworks, Management International Review, 37(2), p27 – 42.

Agarwal, S. and Ramaswami, S. (1992). Choices of foreign entry mode: impact of ownership, location, and internationalization factors, Journal of International Business Studies, 23(1), p1-27.

Andersen, O. (1992). On the internationalization process of firms: a critical analysis. Journal of International Business Studies, 209-228.

Calof and Beamish (1995). "Decision-making for International Marketing: A comparative Review", Management Decision, Vol. 20, No. 4, pp. 47-54.

CBK, 2012

Chen, H., & Tain-Jy C., (1998). "Foreign direct investment as a strategic Linkage", International Business Review, Vol. 40, No. 1, pp. 13-30.

Chetty, S., & Campbell, H.C., (2003). "Paths to internationalization among small and medium-sized firms: a global versus regional approach", European Journal of Marketing, Vol. 37, pp. 796-820.

Chryssochoidis and Millar and Clegg, 1997). The internationalization of small and medium-seized firms. Small Business Economics, 24, 409-419.

Dunning, J. H. (2001). Global Capitalism at Bay, London: Routledge.

Hill, C.W.L., (2007). International Business Competing in the Global Marketplace, Irwin: McGraw Hill.

Johanson, J. and Vahlne, J. E. (1990). The Mechanism of Internationalisation, International Marketing Review, 7(4), p11 – 24.

Kim, W. C. and Hwang, P. (1992). Global strategy and multinationals' entry mode choice, Journal of International Business Studies, 23(1), p29 – 54.

Madsen, T. K. and Servais, P. (1997). The Internationalisation of Born Globals: An Evolutionary Process? International Business Review, 6(6), p561 – 583.

Meghana, A., Beck, T., & Demirguc-Kunt, A. (2007). Small and Medium Enterprises Across the Globe. Small Business Economics, 415-434.

Nicolaud, 1989 Understanding reliability and validity in qualitative research. Nova Education, 597-606.

Oviatt, McDougall, 1994, Fischer, Reuber, 1997, McDougall, Oviatt, 2000; Ortiz, Lombardo, 2009

Pedersen, T. (2000). The Internationalisation Process of Danish Firms -Gradual Learning or Discrete Rational Choices? Journal of Transnational Management, Vol 5 PP 75 - 89.

Petrovski, V., & Shi, Y. (2009). A Cross-Country Case Study: Comparison of the Internationalization Processes Between Swedish and Chinese Small and Medium Enterprises. University of Halmstad.

Ramsden, M., & Bennett, R. (2005). The benefits of external support to. Journal of Small Business and Enterprise Development, 227-243 Vol. 12.

Rao (1993)

Rennie, M. (1993). Global competitiveness: born global, *McKinsey Quarterly*, 4), p45 – 52.

Ruzzier, M., Kranj, & Kanj-razj. (2006). Internationalization research: past, present, and future. Arizona USA: Volume 13 Journal of Small Business and Enterprise Development.

Sarasalin, K., & Watthanachai, T. (2009). The internationalization process of red bull from the perspectives of global expansion. Sweden: Mälardalen.

Straughan (2000) Trading blocs and FDI, In: Chryssochoidis, G., Millar, C. and Clegg, J.(eds.), *Internationalisation Strategies*, London: MacMillan Press Ltd.

Terpstra and Sarathy (2000) Qualitative Research: Analysis Types and Software Tools, New York: Falmer.

Andersen, O. (1992). *On the internationalization process of firms*: a critical analysis. Journal of International Business Studies, 209-228.

Andersen, O., (1993). *"On the Internationalization Process of Firms: A Critical Analysis"*, Journal of International Business Studies, Vol. 24, No. 2, pp. 209-231.

Andersson, S. (2000). *The internationalization of the firm from an entrepreneurial perspective. International Studies of Management & Organization*, 30(1), 63-92.

Bandi, K. K., & Bhatt, K. (2008). *The process of Internationalization in Small and Medium Enterprises.* Halmstad University.

Barringer, B.R., & Greening, D.W., (1998). *"Small Business Growth Through Geographic Expansion: A Comparative Case Study"*, Journal of Business Venturing, Vol. 13, pp. 467-492.

Cavusgil, S.T., (1982). *"Decision-making for International Marketing: A comparative Review"*, Management Decision, Vol. 20, No. 4, pp. 47-54.

Chaffee, E.E., (1985). *"Three Models of Strategy"*, The Academy of Management Review, Vol. 10, No. 1, pp. 89-98.

Chen, H., & Tain-Jy C., (1998). *"Foreign direct investment as a strategic Linkage"*, International Business Review, Vol. 40, No. 1, pp. 13-30.

Chetty, S., & Campbell, H.C., (2003). *"Paths to internationalization among small and medium-sized firms: a global versus regional approach"*, European Journal of Marketing, Vol. 37, pp. 796-820.

Clercq, D.D., Sapienza, H.J., & Crijns, H. (2005). *The internationalization of small and medium-seized firms*. Small Business Economics, 24, 409-419.

Coviello, N., & Munro, H., (1992). *"Internationalizing the Entrepreneurial Technology intensive Firm: Growth through Linkage Development"*, Paper presented at the Babson Entrepreneurship Research Conference, INSEAD,

France. Crick, D., (1995). *"An investigation into the targeting of UK export assistance"*, European Journal of Marketing, Vol. 29, No. 8, pp. 76-94.

Dalli, D., (1995). *"The organization of exporting activities: relationships between* *internal and external arrangements"*, Journal of Business Research, Vol. 34, No. 2, pp. 107-1 15.

Dimaggio, P.J., & Powell, W.W., (1983). *"The iron cage revisited, institutional isomorphism and collective rationality in organizational fields"*, American Sociological Review, Vol. 48, pp. 147-160.

European Commission (2005). *"The new definition User guide and model declaration"*, Enterprise and Industry Publications, pp. 5-50.

Forsgren, M. (2002). *The concept of learning in the Uppsala internationalization process model: a critical review*. International Business Review, vol 11, 257-277.

Ghobadian, A., & Gallear, D.N., (1996). *"Total Quality Management in SMEs"*, International Journal of Management Science, Vol. 23, No. 5, pp. 83-106.

Hill, C.W.L., (2007). *International Business Competing in the Global Marketplace*, Irwin: McGraw Hill.

Hollesen, S., (2001). *Global Marketing: A Market-responsive Approach*. 2nd ed. Europe: Prentice Hall.

Holmlund, M., Kock, S., & Vanyushyn, V., (2007). *"Small and Medium-sized Enterprises' Internationalization and the Influence of Importing on Exporting",* International Small Business Journal, Vol. 25, No. 5, pp. 459-475.

Johanson, J., 2000. *Global Marketing: Foreign Entry, Local Marketing & Global Management*. 2nd ed. Irwin: McGraw Hill.

Lindh, P. (2009). *Emerging Markets: A Case Study on Foreign Market Entry in Laos. Sweden*: University of Gävle.

Meghana, A., Beck, T., & Demirguc-Kunt, A. (2007*). Small and Medium Enterprises Across the Globe*. Small Business Economics, 415-434.

Naheed, G. (2003). *Understanding reliability and validity in qualitative research*. Nova Education, 597-606.

Pedersen, T. (2000). *The Internationalisation Process of Danish Firms -Gradual Learning or Discrete Rational Choices?* Journal of Transnational Management, Vol 5 PP 75 - 89.

Petrovski, V., & Shi, Y. (2009). A Cross-Country Case Study: *Comparison of the Internationalization Processes Between Swedish and Chinese Small and Medium Enterprises.* University of Halmstad.

Ramsden, M., & Bennett, R. (2005). *The benefits of external support to firms.* Journal of Small Business and Enterprise Development, 227-243 Vol. 12.

Ruzzier, M., Kranj, & Kanj-razj. (2006). *Internationalization research*: past, present, and future. Arizona USA: Volume 13 Journal of Small Business and Enterprise Development.

Sarasalin, K., & Watthanachai, T. (2009). *The internationalization process of red bull from the perspectives of global expansion.* Sweden: Mälardalen.

APPENDIX 1: INTERVIEW GUIDE

Hello,

Thank you for taking your time to help me carry out this research by filling the below interview guide. I assure you that the information that you provide will be treated with utmost confidentiality and your identity will not be revealed.

Kindly read the following instructions before filling in.

Instructions

Do not indicate your name.

PART A: GENERAL INFORMATION

i. My age is between

[ ] Below 30years [ ] 31 - 35years [ ] 36-40years

[ ] 41 - 45years [ ] 46 - 50years [ ] 51-55years

[ ] 56 - 60years [ ] 61 - 65years

ii. My gender is

[ ] Female [ ] Male

iii. I have worked in this profession for

[ ] Below 2years [ ] 3 - 5years [ ] 6 - 10years

[ ] 11 - 15years [ ] 16 - 20years [ ] 21 - 25years

[ ] 26 years and above

iv. Indicate your level of education

[ ] College Diploma [ ] University Degree [ ] Postgraduate Education

PART B: INTERNALIZATION OF THE CO-OPERATIVE BANK OF KENYA LIMITED

1. Does your organization have an internalization policy?

   Explain

2. In your view, does internalization provide a sustainable growth to the organization?

   Explain

3. Does the bank choose from a variety of entry strategies?

   Explain

4. What entry strategies does your bank use in entering new markets in East Africa region?

   Explain

5. Would the bank use any other entry strategy apart from the ones currently used?

   Explain

6. To what extent do the following kinds of entry modes affect the banks entry strategies?

   Explain

7. To what extent do the following kinds of entry modes affect the banks entry strategies?

   Explain

8. Does the management motivate and encourage the bank to open branches in the region?

   Explain

9. In your view, do you think that your organization's decision-making process is satisfactorily in entering new markets?

   Explain

10. Does the management consider the opinion of employees when entering new markets?

    Explain

11. Is there a criterion in selecting which market to venture in to?

    Explain

12. Would the bank consider internationalizing out of the East African region?

    Explain

13. In your view, is the East African region in need of the banks products and services?

    Explain

14. Are the organizations products and services competitive locally?

    Explain

15. What are some of the benefits of internalization?

    Explain

16. What were the results to entering the new markets in the region?

Explain

17. What are some of the barriers of internalization?

    Explain

18. What are some of the challenges faced by internalization?

    Explain

19. What are some of the solutions to these challenges?

    Explain

20. Would you advocate for your organization to continue with the process of internalization?

    Explain