ABSTRACT

The purpose of the study was to determine the International entry strategies used by Huawei to enter the telecommunication industry in Kenya. The research design used in the study was case study. The researcher used interview guides as the main data collection instrument from the sampled employees at the company. The study targeted 5 employees in the management levels of the company. A qualitative content analysis was employed to analyse the respondents’ views about the international entry strategies used by Huawei Technologies Co. Ltd. The data was then coded to enable the researcher made explanatory assertions. The study found out that there are different entry strategy used by Huawei to enter the telecommunication industry in Kenya and these were International entry strategies, exporting strategy, licensing strategy, joint venture strategy and full ownership strategy. Exporting strategy is whereby a company sells its physical products which are manufactured outside the target country to the target country though exporting is generally viewed as a low commitment form of market entry, it is not as easily classified on this continuum. Licensing and franchising strategy is whereby non-equity associations between an international company and a party in the host country in which technology or management systems are transferred to the host party. Joint venture as an arrangement whereby the firm is required to share equity and control of the venture with a partner from the host country and participation may vary with some companies accepting either a minority or majority position. The other strategy the study found out was full ownership strategy whereby the parent company takes 100% equity stake in the operation in the foreign country. The study concluded that the choice of Kenya as a market for Huawei products has enlarged the opportunities in Kenya and the nearby markets especially in the East African countries. It also concluded that the telecommunications industry in Kenya has been characterized by a price war in recent years following the market entry of the third and fourth network. It also concluded that being a foreign industry in the Kenyan market Huawei has faced challenges that have affected the profitability its operations and has forced them to streamline their operations in developing new revenue streams in an environment of falling average revenue per user in the voice market. The study also concluded that joint venture strategy was the most preferred as a market entry and that they were significant risk associated with the formation of a joint venture arrangement and that foreign market entry strategy decisions had evolved and as a result important decisions on entry strategy had to be examined and the factors involved in firms’ foreign market entry. The study made recommendations based on the International entry strategies used by Huawei to enter the telecommunication industry in Kenya as follows: Huawei Company should do all that is possible about its potential partner’s business practices and financial condition, as well as its ability to complete the proposed and ongoing projects; specifically outline all aspects of contract administration in the joint venture agreement; develop early in the relationship distributions to joint venture partners and cash management plans in order to consider which partner controls the cash and make well thought out decisions since they keep on evolving.