FACTORS THAT DETERMINE INTERNATIONALIZATION PROCESS OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This Research Project is my original work and has not been presented for the award of a Master's degree in any other university.

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This Research Project has been submitted for examination with my approval as the University Supervisor.

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May God bless you All.

DEDICATION

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ABSTRACT

Internationalization process has been a fascinating topic for several years, from theoretical and practical perspective, business enterprises engage in business beyond their borders, expanding in foreign markets so as to reach more consumers and client-base. In Kenya, commercial banks are motivated to strive for international presences as organizational and environmental factors play an important role. The internationalization initiative has seen both indigenous and foreign Kenya-based commercial banks increasing involvement in neighboring countries by opening branches and affiliates so as to increase their market share. This latest development has seen a 'bandwagon' effect in the Kenyan financial sector as more commercial banks are adopting the same strategies.

The study sought to establish the factors that determine internationalization process of commercial banks in Kenya. The study adopted descriptive research design. The population of the study comprised of selected employees of commercial banks with presences outside Kenya. A sample size of 22 respondents was used representing 44% of the target population of 50. Stratified random sampling method was used in this study to select the respondents. The data was collected by use of structured and unstructured questionnaire. The structured data was analyzed using spread sheet program. The data presentation was done using frequency tables and a graph. The unstructured data was edited, sorted and coded to develop relationships, and organized using word processing program. Expected outcome of the research revealed that there are factors that determine internationalization process of commercial banks in Kenya.

From the study, it was found that majority of the respondents agreed that proactive and reactive motivation, internal and external change agents and barriers to internationalize were core in the internationalization process. In addition, the success or failure of the process will depend on how the barriers or risks are mitigated. The study further makes recommendations that enlightened management and host country's attractiveness are important internal and external factors respectively to be assessed as the commercial bank strategies to operate in foreign markets are developed.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

All organizations are influenced by organizational and environmental factors. This set of factors (organizational and environmental) makes firms consider the option of operating outside their home market. Organizational factors arise from within the firm, and environmental factors arise from outside the firm's control (Aharoni, 1966). All firms grow from stage to stage and expand from one market to another. Commercial banks also follow this process of internationalization by expanding to other countries so as to increase their involvement.

1.1.1 Internationalization Process

Internationalization process has gained importance in the recent years as businesses seek international presence. Internationalization has been viewed as a process of increasing involvement of enterprises in international markets. Although there is no agreed definition of internationalization, several internationalization theories have tried to explain its international activities; operations and strategies. Commercial banks like many Multinational Corporations (MNCs), adopt the models or approaches of operating in other countries as elaborated by foreign direct investments (FDIs) theories of Dunning Eclectic Theory (explains ownership advantage, location advantage and internalization advantage).

An analysis of the Dunning Eclectic Theory provides an explanation of 'what is' in terms of the MNCs competitive advantage in: ownership, location and internalize (OLI), rather than the overall factors that determine a firm to internationalize its operations. It argues that: at any given moment of time, a firm is faced with a configuration of OLI variables and strategic objectives to which it will respond by engaging in a variety of actions relating to technology creation, market positioning, the formation of corporate alliances, organizational structures, political lobbying, intra-firm pricing, etc. These actions, together with changes in the value of exogenous variables it faces, will influence its overall competitive position (Dunning, 1993).

The research also adopts Uppsala model, as developed by Johanson & Wieldersheim-Paul (used to explain the gradual growth of firms or incremental internationalization). This model envisages a series of stages in the process and sees the use of exports as the initial entry mode into international markets. However, this research focuses on the firms themselves, highlighting how the knowledge which they gain about foreign markets and operations in each stage impacts on their future commitments in those markets (Johanson and Vahlne, 1999).

The stages they envisage move from export via an independent agent, to the establishment of a sales subsidiary and then to the establishment of a production or manufacturing facility in the foreign location. They utilize the concept of 'psychic distance', also commonly referred to as 'cultural distance', which focuses on cultural factors such as language and education. They find that, while businesses are often advised to prioritize the size of the potential market, decisions in the early stages of internationalization tend to be towards those countries which are culturally proximate to their own, such as countries in the same geographical area or the ones which share the same language. The entire process involves incremental adjustments which take account of the changes experienced by the firm and changes which it finds in the environment.

The study also elaborates the innovation-related internationalization taxonomies as a process of internationalization of commercial banks, that is, the way in which firms progress along the internationalization continuum, Dalli (1994) suggests that a sequence of discrete stages exist which proxy the "stop and go" stepwise process exemplifying the evolution of international involvement.

1.1.2 Commercial Banks in Kenya

The study explored, in detail, the factors that determine internationalization process of commercial banks within the context of Kenya-based banks, exemplifying the experiences of the indigenous commercial banks and foreign Kenya-based commercial banks with branches outside Kenya, their motives to expand, change agents who facilitate the decision to expand and the barriers (complexity and challenges) they faced while expanding to foreign markets. The study also identified and analyzed the factors that determine internationalization process of banks from selected indigenous commercial banks in Kenya and foreign Kenya-based commercial banks, categorized the factors which are cross-cutting throughout the industry.

In Kenya, indigenous commercial banks such as Kenya Commercial Bank, Equity Bank, Fina Bank and Diamond Trust Bank have in the recent years expanded to other countries. Several other commercial banks in Kenya, through their strategic plans, are focusing on expanding and opening branches in other countries. When examining other African countries' banks with branches in Kenya, we find that: Eco-Bank, a Pan-African Banking group from Togo, has branches in more African countries than any bank, and CFC-Stanbic Bank, a member of the Standard Bank Group based in South Africa, is one of the largest banks in Africa to have for several years operated in other countries.

The concept of internationalization was initially used by multinational banks from the Western countries such as Barclays Bank and Standard Chartered Bank, from United Kingdom, which dominated the local banking industry in Kenya until the late 1990s:- a factor brought about by the increased number of branches in many countries in the world. Citibank NA, a world renowned Bank from USA, has branches in all major cities of the world with specialized banking for the corporate organizations. An understanding of the decision and drivers of internationalization would bring to light the factors that determine internationalization process of commercial banks.

1.2 Research Problem

Internationalization of commercial banks is not as straight forward as in the case of manufacturing firms which operate in foreign markets either through export or FDIs. Commercial banks face complexity and challenges expanding in foreign markets as these markets have different and unique operational and regulatory framework. As depicted earlier, commercial banks have organizational and environmental dependency; they are influenced by factors internal to the firm and external to the firm. They grow overtime and expand their operations to other markets; grow from stage to stage. Many theories have been proposed to explain the gradual growth of MNCs, but the most profound are

Uppsala model and innovation-related internationalization taxonomies. The theories have been falsified by several critics with the intention of understanding the relevance of the theories.

All the same, commercial banks would want to pursue consumers, and organizations which use their financial services and products as well as set branches and affiliates in areas where they would gain innovations when offering their financial services. The innovations relating to mobile-money transactions in Kenya: cash deposit to accounts, direct money transfers and ease of utility payments, has seen commercial banks building strategic offices in Kenya so as to serve both their domestic markets and other markets with new products innovation.

Several authors have articulated that firms opt for foreign markets due to proactive motives and reactive motives. These motives relate to a generalized process of internationalization-'going global'-for any given firm. According to authors, there exist both internal and external factors which influence a firm to expand and operate in a foreign country. In addressing the question of why certain firms or commercial banks are engaged in international business activities while others are not, researchers have focused on elements stimulating a firm's decision to initiate foreign market entry (Albaum, 1983).

In this regard, according to Marquardt (1994), there are different conditions that need to be carefully evaluated for any bank when entering a new market: the experience, network relationships and cultural aspect. Other previous studies were done so as to find out the main opportunities and incentives of internationalization. An analysis of the factors that determine internationalization of commercial banks in Kenya, from a broad perspective, brought to light other factors which needed to be acknowledged when a firm expands to a foreign market.

It is against this background that the factors that determine internationalization process of commercial banks in Kenya should be studied to inform the commercial banks managers, financial market players and stakeholders on the importance of evaluating these factors for the purposes of banks expanding to foreign markets. Very few studies have been done on this topic; mainly focusing on small medium enterprises (SMEs) and manufacturing exporting firms. The research has not found any writer on factors that determine internationalization process of commercial banks in Kenya. The research study answers the following questions: What factors determine internationalization process of commercial banks in Kenya? And what barriers do the Kenyan-based commercial banks face when expanding to foreign markets?

1.3 Research Objective

The purpose of this study was to assess the factors that determine internationalization process of commercial banks in Kenya. Arising from the broad objective stated above, the following were the specific objectives:-

i. To determine the motives to internationalize and the role of the change agents in the internationalization process of commercial banks.

ii. To understand the barriers to internationalization and how commercial banks can mitigate these risks.

1.4 Value of the Study

To the management of commercial banks, the findings of this study provide valuable information on the various factors that determine internationalization process of commercial banks, other financial and non-financial institutions, and whether the establishment of branches in other countries is of importance to the overall banking operations.

To the financial regulators and decision makers, the findings of this study provide important information on the various decisions which facilitate commercial banks to establish branches in other countries, and whether those decisions are sustaining in the overall banking industry and the economy.

To academicians and researchers, the findings of this study are a source of reference material for future research on other related topics; it will also help other academicians who undertake the same topic in their studies. The study also highlights other important relationships that require further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature review of the study. Literature is reviewed according to the factors that determine internationalization process of commercial banks in Kenya. It covers the areas of internationalization processes: models and theories, motives for internationalization, change agents in the internationalization process, barriers observed when firms internationalize and the conceptual framework of the study.

2.2 Process of Internationalization

To be called an International business, a firm needs to undertake transactions between two or more countries. Internationalization process of firms has been subject to widespread research attention and empirical investigation (Anderson, 1993). This gives the area of internationalization great importance in the dynamics of firms which are expanding their operations to other countries. Even though the term internationalization has been used extensively, few real attempts have been made to provide an operational definition of its meaning. Piercy (1981) & Turnbul (1985) describe internationalization as the outward movement of a firm's operations. However, this expression could be embellished on to describe internationalization as "...the process of increasing involvement in international operations" (Welsh & Luostaren, 1988).

Several writers have explained internationalization from different perspectives as depicted from the classical country based theories: mercantilism, absolute advantage, comparative advantage, and relative factor endowment, and modern firm based theories: country similarity, product life cycle, global strategic rivalry, and Porter's theory of national competitive advantage. Griffin & Pustay (2010) state that these theories bring into light the reasons why firms engage in international business. Too often, commercial banks expand to foreign countries using the FDIs approach. In this context, the theories related to FDIs, such as market imperfection theory, international production theory and internalization theory are more relevant to internationalization process for commercial banks (p. 176).

John Dunning's Eclectic theory, which combines ownership advantage, location advantage and internalization advantage for a unified theory of FDI, recognizes that FDI reflects both international business activity and business activity internal to the firm. According to Dunning, FDI will occur when the three conditions are satisfied: ownership advantage, location advantage and internalization (Griffin & Pustay, 2010, p. 196).

Internationalization process in the perspective of commercial banks is further explained using Uppsala's model developed by Johanson & Wieldersheim-Paul (1975). Their literature generally suggests that the process of internationalization is founded on an evolutionary and sequential build-up of foreign commitments over time; a concept of incremental internationalization. The model states that businesses invest in another country when they are certain their success is guaranteed. To explain the concept of incremental internationalization further, Johanson & Vahlne (1977) refined this work and formulated a dynamic model. The contention implicit within this model is that the business proceeds along the internationalization path in the form of logical steps, based on its gradual acquisition and use of intelligence from foreign markets and operations, which determines successfully greater levels of commitment to those oversees destinations. They also postulated that internationalization is based on learning through the development of experiential knowledge about foreign markets, which is gained so as to reduce their perceived distance. Consequently, the business is able to enter further overseas markets, previously characterized by greater levels of perceived distances, and thereby, commit greater levels of resources to internationalization.

In examining innovation-related internationalization taxonomies as a process of internationalization, that is, the way in which firms progress along the internationalization continuum, Dalli (1994) suggests that a sequence of discrete stages exist which proxy the "stop and go" stepwise process exemplifying the evolution of international involvement. According to Thomson Learning, the Export Marketing Imperative (2004), the vast majority are not at all interested in the international market place. Management will not even fill an unsolicited export order if one is received. Should unsolicited orders continue over time, however, a firm may gradually become a partially interested exporter. Management will then fill unsolicited export orders. The firm begins to explore international markets gradually and management is willing to consider the feasibility of exporting; exploratory stage. After this stage, the firm becomes an experimental exporter, usually to psychologically close countries. However, management is still far from being committed to exporting activities. At the next stage, the firm evaluates the impact that exporting has had on its general activities. Frequently, it will continue to exist as an experienced small exporter. The final stage of this process is that of export adaptation. Management is ready to explore the feasibility of exporting to additional countries that are psychologically further away.

2.3 Motivations to Internationalize

Companies pursue internationalization strategies for a variety of reasons. Some motives are reactive, while others are strategic in nature. An example of a reactive motive is the need to serve a key customer that has expanded abroad, and on the other hand an example of a strategic or proactive motive is to tap foreign market opportunities or acquire new knowledge (Cook, 2011). Companies have a vast majority of reasons for going international such as on the reactive reasoning side, there is globalization of competitors and trade barriers. On the proactive reasoning side, companies go international because of economies of scale, growth opportunities, and resource access and cost savings. "There are a variety of factors that have been driving the spread of globalization across industries. Although their impact and pace has varied according to type of industry, these have been the dominant triggers for change from local to global (or at least regional) industry structures" (Segal-Horn, 2002).

The factors in going international are the same as it is for any business decision; determination and commitment to succeed (Export marketing imperative, 2004). The most definite reasons for going international will be to expand a company's operations for profits and responding to intense competition and market saturation in a country. However, in most business activities, one or two factors rarely account(s) for a given action or decision. Usually, a mixture of factors results in firms taking steps in a given direction. This section will review literatures that examine the proactive and reactive motives that make firms take the decision to internationalize its operations. Most of the researches in this area have based their findings on exporting activities which are also relevant to commercial banks as a motive to internationalize.

2.3.1 Proactive Motivations

Proactive motives represent stimuli to attempt strategy change based on the firm's interest in exploiting unique competencies or market capabilities. Profitability has been cited as the strongest motivator for commercial banks which go into other countries. The Export Marketing Imperative (2004) identifies proactive motives as: profit advantage, unique products, technological advantage, market information, managerial urge, tax benefit and economies of scale.

Commercial banks will expand so as to increase customer-base and profit margins. The perception and reality to profit motive can differ significantly. High start-up costs often drain initial profitability. Despite thorough planning, imponderable influences, such as a sudden shift in exchange rates, may drastically alter profit forecast. Unique products offered by a commercial bank to clients can give the bank a competitive advantage and establish basis for success. Keeping up with the innovation in technologies used by other commercial banks would definitely set the bank reliability in doing business above from the rest.

Exclusive market information includes knowledge about customers, marketplace, or market situations that are not widely known by other firms. This can be manifested by special knowledge based on the firm's international research, special contacts, or being in the right place at the right time. Tax benefits; tax concession to domestic firms and incentives to MNCs, have for a long time been a motivating factor to firms. Tax benefits has in the recent years brought controversies as arguments show that it's a violation of free trade, and it's expected that tax benefits will play a minimal role in future motivations to internationalize. Economies of scale, by its nature, are gained through experience, and increased involvement in international market will see the cost of transactions reducing significantly and make a firm competitively both domestically and abroad.

2.3.2 Reactive Motivations

Reactive motives indicate that a firm reacts to pressure or threat in its home market or in foreign markets and adjust passively to them by changing its activities overtime. The Export Marketing Imperative (2004) identifies reactive motives as: competitive pressures, overproduction, declining domestic sales, excess capacity, saturated domestic markets and proximity to customers and ports.

Competitive pressure can manifest when a firm fears losing domestic market share to competing firms or losing the foreign market permanently to domestic competitors who focus in those markets. Where overproduction is observed during downturns in the domestic business cycle, foreign markets provide an ideal outlet for bloated inventories or surplus. The relevance of these motives will decrease overtime as relationships are cut once the domestic market rebound. Stable declining domestic sales will have the same motivation effect as overproduction. It occurs when a firm prolongs the life of a product by expanding its market into foreign countries.

Excess capacity and saturated domestic markets will have similar results as overproduction and declining domestic sales respectively. In the banking industry, a major reactive motivation will be proximity to customers and port. Physical closeness to international market can often play a major role in the foreign activities of a firm. The concept of psychic or psychological proximity explains that geographical closeness to foreign markets may not necessarily translate into real or perceived closeness to the foreign customers. Sometimes cultural variables, legal factors, and other societal norms make a foreign market to either appear close or distant.

2.4 Change Agents in the Internationalization Process

For internationalization or change to take place, someone or something within or outside the firm- "internal and external triggers"-must initiate it and shepherd it through to implementation. In recent study of Finnish SMEs, Forsman et al (2002) found that the three important triggers for starting operations internationally were as follows:

management's interest in internationalization, foreign enquiries about the company's product/services and inadequate demand in the home country.

2.4.1 Internal Change Agents

Enlightened management is a primary change agent internal to a firm. Opportunities are discovered when the management gets experience and exposure to international market or foreign countries through foreign travel and information abroad that lead to those opportunities. New management or employees can also be an internal change agent. Often, managers enter a firm having already had some exporting or foreign services experience in previous positions and try to use this experience to further the business activities of their new firms.

In developing their goals in the new job, the managers frequently consider an entirely new set of options for growth and expansion of which one may be exporting or foreign activities. The other internal change agent can be a significant internal event in a firm, for instance, a new employee, who firmly believes that the firm should undertake exporting, may find ways to motivate management to undertake such a course.

2.4.2 External Change Agents

Foreign demands can be a primary outside influence on a firm's decision to become international. Enquiries from abroad have a powerful effect on a firm's initial interest in entering the international market. Another outside influence can be observed from the statements and actions of other firms in the same industry. Formal and informal meetings among managers from different companies for example, trade association meetings, conventions, or business roundtables, often serve as a major change agent.

Domestic distributors engaging in exporting and foreign trading are a source of encouragement to domestic firms to also participate in the international market. Service industry such as banks and auditing firms, can serve as a major change agent by alerting domestic clients to international opportunities. Chamber of commerce, government activities as well as export intermediaries such as export management companies and trading companies are also important change agents.

2.5 Barriers to Internationalization

Commercial Banks fall under services; where several literatures have been written on internationalization of financial services. World Trade Organization (WTO) figures suggest that, in 2003, services accounted for some 20 per cent of the world trade value, having grown some 13 per cent in the previous year (WTO, 2004).

Javalgi & White (2002) discuss challenges for internationalization of services and observe that: first, customers tend to prefer core services from their own country, from countries of similar culture to their own, and from economically progressive culture. Second, customers prefer domestic services because of strong nationalistic beliefs and feelings; customer patriotism or conservatism may restrain them from buying services of foreign origin. Third, cultural elements, such as religious beliefs, materialism, language, education, the family structure, gender role, manners, customs, and time orientation, are closely intertwined with national culture. Fourth, a strong association exists between information content and socio-cultural values. The differences in socio-cultural, technological, legal and governmental aspects may necessitate the use of different services for the delivery of information content.

Fifth, the decision on the entry mode relies on the "serviceness" of the offering and the degree of consumer/producer interaction. Sixth, services require better pricing and distribution structures. Seventh, services cannot be standardized like goods since they are performances and often involve some level of the human element. Eighth, quality excellence is a cornerstone in building competitive advantage hence; the challenge is in the weights of different quality dimensions that may vary across different cultures. Ninth, lack of reliable market data hence, experience and knowledge of market research is required. Tenth, increased tradable competition is observed from both developed and developing countries. The globalization of the service sector has not been restricted to advanced economies alone. New competitors are emerging from less advanced economies which are showing signs of growth in the service sector (Javalgi & White, 2002).

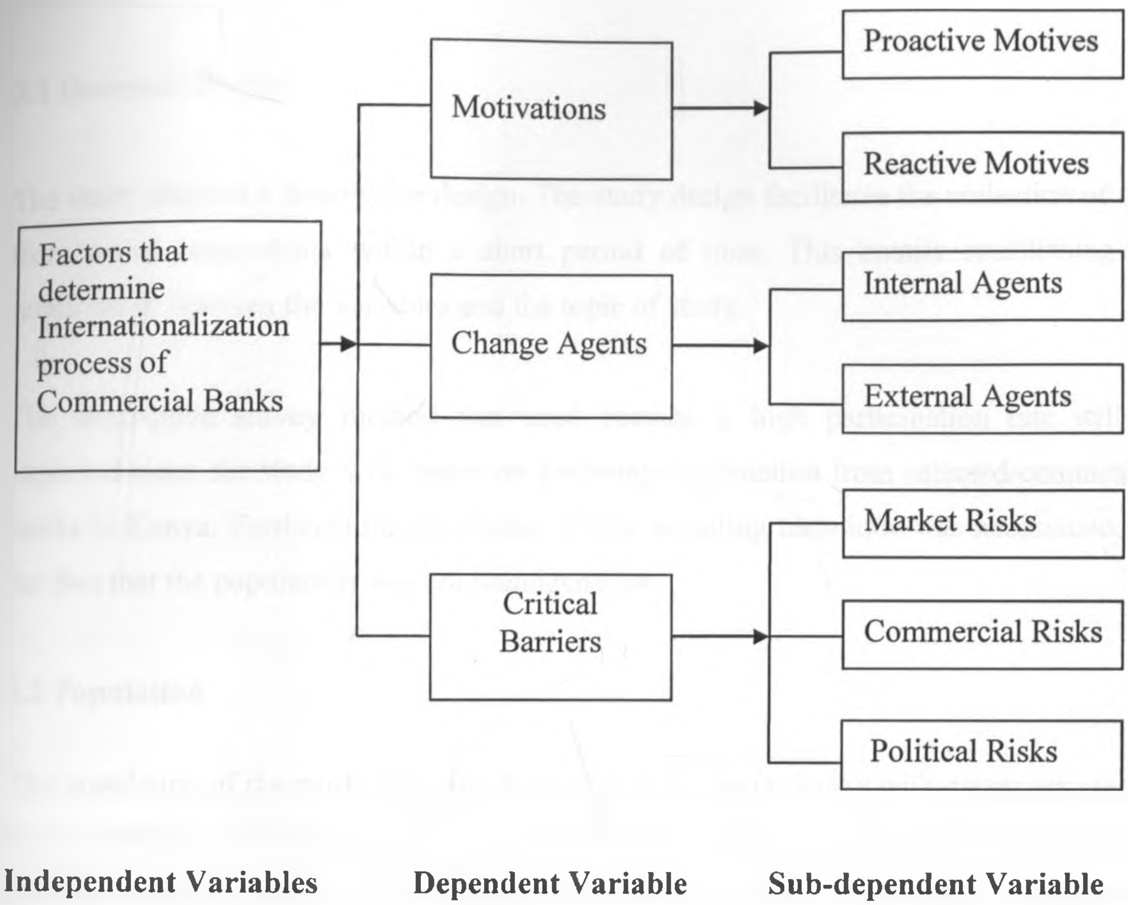
Barriers in the internationalization process may be divided into three groups: general market risks, commercial risks and political risks. The importance of these risks needs not to be overemphasized, and various risk-based management strategies are opened to firms and may include: avoid exporting or moving to high-risk markets, diversify overseas markets and ensure the firm is not over-dependent on one single market, insure risk when possible, and structure export business so that buyers bear most of the risk

According to Fillis (2002), over one-third of the exporting craft firms have stated that they encounter problems once they entered the export markets. The most common problem was connected with the choices of a reliable distributor or network, followed by difficulties in promoting the product and matching the competitors' prices.

2.6 Conceptual Framework

The conceptual framework presented in Figure 2.1 summarizes the variables that were retained and that were used as the fundamental base in the development of observed study.

Figure 2.1 Conceptual Framework



From the conceptual framework, the factors that determine internationalization process of commercial banks are the independent variable. The dependent variables include; motivations for internationalization, change agents in internationalization process and the barriers to internationalization of commercial banks, and the dependent variables was also made up of a number of sub-variables.

The conceptual framework enables us see clearly the role played by factors that determine internationalization of commercial banks in Kenya and the key tasks (factors) that are dependent on the internationalization process to occur.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study adopted a descriptive design. The study design facilitates the collection of data from many respondents within a short period of time. This entails establishing the relationship between the variables and the topic of study.

The descriptive survey method was used because a high participation rate will be expected since the study will center on gathering information from selected commercial banks in Kenya. Furthermore, the choice of this sampling technique was necessitated by the fact that the population was not homogeneous.

3.2 Population

The population of the study comprised selected commercial banks with presences outside Kenya. Within each of the selected commercial banks, the research targeted at least five or more respondents. Out of the 50 respondents, the research had at least 22 respondents hence, the research had sufficient respondents.

The study also targeted employees at the head office, namely: International Business, Treasury, Trade Finance and Marketing, Finance and Operations, ICT and Transfers Innovation, Human Resources and Customer Service, and Risk Assurance and Compliance.

3.3 Sample Design

Stratified random sampling method was used in this study. The researcher divided the target population into categories. The study used this sampling method because it helps group population subjects with similar characteristics on the strata (Mugenda and Mugenda, 2003).

3.4 Data Collection

The data was collected through the use of a questionnaire. Primary data was collected through structured and unstructured questions: for structured section, the questions were kept the same way throughout and unstructured section gave the respondents the opportunity to respond freely on their own way.

To ensure that there was no delay, the researcher made appointments with respective respondents at their work place. The researcher introduced the subject and explained, clearly and briefly, the significance of the study. A questionnaire should come with a preceding letter that enlightens the respondents of the study and its purpose (Eriksson & Wiedersheim-Paul, 1999). Each item was developed to address a research question and the specific objectives of the study.

As response rates often are low when using questionnaires (Eriksson & Wiedersheim-Paul, 1999), the aim was to reach as many suitable respondents as possible. Therefore, to increase the response rate, reminders were sent out. Fortunately, it worked since the response rate almost doubled compared to when only the initial letter was sent out.

The secondary data was collected from various sources like journals, internet, textbooks, and magazines, paper presentations at conferences, theses and dissertations.

3.5 Data Analysis

This involved interpreting information collected from respondents once the questionnaires were completed and collected from each respondent. The researcher compiled the results by use of data editing, data sorting and coding, and developed relationships. Data was analyzed quantitatively and qualitatively to describe and summarize the findings.

The researcher obtained detailed information about the study and established patterns and relationships from the information gathered. The researcher used frequency tables and graph to present the data.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter gives detailed findings and discussions of the study. The study sought to investigate the factors that determine internationalization process of commercial banks in Kenya. The study targeted a total of 50 respondents, and 50 questionnaires were released. Out of the 50 questionnaires released, 22 questionnaires were filled by the respondent and returned. This was an equivalent of 44% response rate.

4.2 Background Information

4.2.1 Respondents Gender Distribution

This variable was tested to ascertain the credibility of the findings by checking any possible biasness in terms of sample population; biased sample population produces biased results.

Table 4.1 Respondents Gender Distribution

Category	Frequency	Percentage %
Male	12	54.5
Female	10	45.5
Total	**22**	**100**

From Table 4.1 above, the study clearly shows that the majority of the respondents were male as shown by 54.5% while 45.5% of the respondents were female. This indicates that the respondents had a high composition of males by a margin of 9%.

4.2.2 Respondents Work Experience

The study assessed the respondents' years of experience working with commercial banks in Kenya. The table below reveals the findings.

Table 4.2 Respondents Work Experience

Years	Frequency	Cumulative %
Less than a year	2	9.1
1-3 years	4	18.2
3 years	16	72.7
Total	**22**	**100**

As shown in table 4.2 above, the study found that 72.7% of the respondents had worked in the banking sector for three years, 18.2% of the respondent had worked for a period of between 1-3 years, while 9.1% had worked for less than one year. This revealed that quite a big percentage (72.7%) of the respondents had worked in the banking industry for at least three years. This gives a clear picture of how most of the respondents' answers came from an informed position and this in turn gave credibility to the findings of the study given the background information the respondents might have had about internationalization process of commercial banks in Kenya.

4.2.3 Respondents Functionality

The study sought to find out the respondents' functionality in the various commercial banks so as to minimize the risk of biasness and to bring up diversified findings from the different departments.

Table 4.3 Respondents Functionality

Category	Frequency	Percentage %
International Business, Treasury and Marketing	8	36.4
Finance and/or Operations	7	31.8
ICT and/or Transfers Innovation	3	13.6
Human Resources and/or Customer Service	3	13.6
Risk Assurance and/or Compliance	1	4.6
Total	22	100

The majority of the respondents were from International Business, Treasury and Marketing (36.4%), and Finance/ Operations (31.8%); together accounting for 68.2% of the respondents. In relation to the topic of the study, these departments are well informed on the decisions and factors that determine internationalization of commercial banks. The other departments namely: ICT/ Transfers Innovation (13.6%), Human Resources and Customer Services (13.6%) and Risk Assurance and Compliance (4.6%) accounting for 31.8% of the respondents.

4.2.4 Respondents Level of Education

The study sought to find the level of education of the respondents so as to be sure that those who responded had basic level intellectual capacity to understand issues related to factors that determine internationalization process of commercial banks and how the intervening variable contribute to the overall process. This would give credibility of their answers.

Table 4.4 Respondents Level of Education

Category	Frequency	Percentage %
University Post-Graduate Degree/ Diploma and above	7	31.8
University Graduate Degree/ Diploma	14	63.6
Technical Institute Certificate, Professional Certificate and below	1	4.6
Total	22	100

On the highest level of education attained by the respondents, the study found the respondents with university post-graduate degree/ diploma to be represented by 31.8%, and most of the respondents having a university graduate degree representing 63.6% as their highest level of education, in table 4.4. Those who had attained technical college certificate, professional certificate as their highest level of education was representing 4.6%; representing one respondent. This outcome simply confirms that the respondents had the intellectual qualification and know-how to boost their ability to give informed responses as concerning the factors that determine internationalization of commercial banks in Kenya.

4.3 Decision to Internationalize

The study assessed the respondents' opinion regarding the stimuli, motives and barriers to internationalize for firms expanding into another country. The statements formulated were general, as to why commercial banks expand regionally/ globally. The assessment outcome was to establish the respondents understanding of the overall process of internationalization. The findings are tabulated in the table 4.5 below.

Table 4.5 Decision to Internationalize

	Strongly agree		agree		Undecided		Disagree		strongly disagree	
	frequency	%	frequency	%	frequency	%	frequency	%	frequency	%
Management characteristics such as experience in foreign countries and personality of risk-taking and ambitions are relevant in decisions to enter other foreign countries.	10	45.5	11	50.0	1	4.5	0	0.0	0	0.0
Being big in terms of asset-base, resource capability, economies of scale, unique products features/ promotion are important to have before moving to foreign market.	6	27.3	10	45.5	4	18.2	2	9.0	0	0.0
Market appeal such as advancement in technology, and unique products and innovation are a driving force to open operations in new markets.	4	18.2	12	54.5	6	27.3	0	0.0	0	0.0
Attractiveness of host country in terms of profitability, unsolicited orders by foreign country firms and government determines the decision to open branches in those countries.	18	81.8	4	18.2	0	0	0	0	0	0
Market saturation and intense competition in domestic country result in the decision to expand to new markets.	14	63.6	5	22.7	2	9.1	1	4.6	0	0
Where market risks, commercial risks and political risks are minimal management will be attracted to open branches in those markets.	7	31.8	7	31.8	4	18.2	3	13.6	1	4.6

On whether commercial banks' management characteristics such as experience in foreign countries and personality of risk-taking and ambitions are relevant in decisions to enter other foreign countries, 45.5% of the respondents strongly agreed, 50.0% agreed, 4.5% were undecided whereas there was no respondent who disagreed or strongly disagreed. The total for those who strongly agreed and agreed equals 95.5%. This reveals that most commercial banks view management characteristics as well as ambitions more important for the banks to expand to other countries. This is also in harmony with the literature review which revealed that management urge, an internal or organizational factor is an important element when decisions to operate in other countries are taken.

27.3% of the respondents strongly agreed and 45.5% of the respondent agreed that commercial banks' size in terms of asset-base, resource capability, economies of scale, unique products features/ promotion are important to have before moving to foreign market. 18.2% were undecided while 9.0% disagreed and none strongly disagrees. The respondents cut across the board, suggesting that even thought the size of the commercial bank may be smaller in terms of assets and resources capabilities, it may as well take the decisions to expand and operate in other countries. From the literature review, we found that these are the firm specific factors: being profitable, financial and human capital resources, economies of scale and unique products, and are a major drive for commercial banks to seek foreign presences.

On whether commercial banks' market appeal such as advancement in technology, and products and innovation are a driving force to open operations in foreign countries, 18.2% of the respondents strongly agreed, 15.5% agreed, and 27.3% were undecided while none of them disagreed nor strongly disagreed. This portrays that commercial banks value the need to first and foremost advance in their technological capabilities and develop innovative products for their clients. As reviewed in chapter, these facts form an important step or stage for a commercial bank to decide to operate in other countries. As discussed in the literature review, these factors are only achieved through experience, competence and efficiency, failure to which it can impact negatively to a given commercial bank that moves its operation internationally.

From table 4.1 above, it is clear that attractiveness of host country in terms of profitability from unsolicited orders by foreign country firms and government determines the decision to open branches in those countries. 81.8% of the respondents strongly agreed and 18.2% agreed. This outcome overwhelmingly suggests that external or environmental factors that is directly inclined to the firms profitability prospects are more important for a commercial bank to decide to move abroad or regionally. As pointed out in the literature review, profitability of a given market is the strongest motivator for a commercial bank to expand its operations into those areas.

63.6% of the respondents strongly agreed that market saturation and intense competition in domestic country would result in the decision to expand to new markets. 22.7% of the respondents agreed and 9.1% were undecided. Only 4.6% of the respondents disagreed whereas none strongly disagreed. This circumstance as stated in the literature review is a major external factor that makes a commercial bank to seek other markets so as to relieve itself from excessive pressure in the market. When a market gets new entrants and rivalry increases both by upcoming local and well-established foreign banks, indigenous commercial banks tend to look for alternatives in other markets outside their area so us to maintain their profitability.

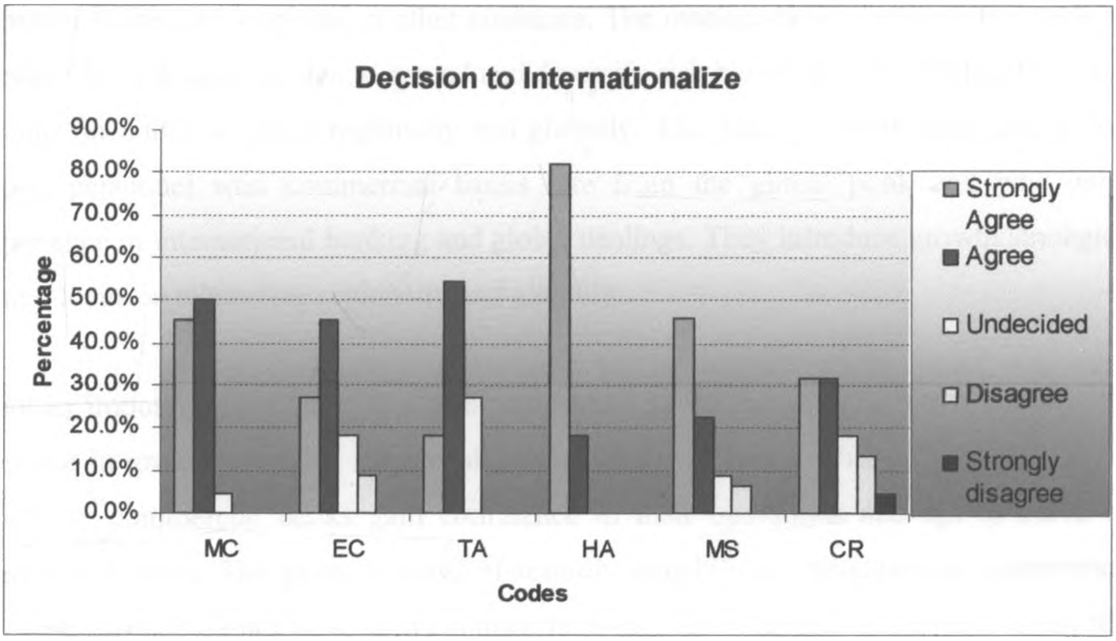
It was also revealed that where market risks, commercial risks and political risks are minimal, management will be attracted to open branches in those markets. The respondents who strongly agreed and agreed were 31.8% each, suggesting that risk mitigation is an important factor to consider before a commercial bank expands regionally or globally. 18.2% were undecided, 13.6% disagreed and 4.6% strongly disagreed.

The study also coded and categorized the variables and came up with the percentage of the answers given by the respondents. These outcomes show that the respondents understood the process of internationalization hence, the factors that determine internationalization of commercial banks. The findings are as shown in figure 4.1 below.

Table 4.6 Decision to Internationalize in Percentage

Categories	Codes	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
Management characteristic	MC	45.5%	50.0%	4.5%	0.0%	0.0%
Economies of scale	EC	27.3%	45.5%	18.2%	9.0%	0.0%
Technology advancement	TA	18.2%	54.5%	27.3%	0.0%	0.0%
Host-country attractiveness	HA	81.8%	18.2%	0.0%	0.0%	0.0%
Market saturation	MS	46.0%	22.7%	9.1%	6.4%	0.0%
Critical risk	CR	31.8%	31.8%	18.2%	13.6%	4.6%

Figure 4.1: Graph Representation of Decision to Internationalize in Percentage



The results shown in figure 4.1 above indicate that the respondents either strongly agreed or agreed with the statements that drive a commercial bank to expand and establish presences in other countries. The respondents who were either undecided, disagreed or strongly disagreed were marginal with neither surpassing 30% market on either statement. These factors, as mentioned earlier in the literature review, indicate that the respondents were aware of the factors that determine internationalization of commercial banks in Kenya.

4.4 Factors that Determine Internationalization Process

4.4.1 Motivation for Internationalization

The results obtained from the first question from the respondents were grouped into two main categories: proactive motives and reactive motives; the former being internal to the organization and the latter being external to the organization or environmental factors.

Proactive Motives

The management urge to expand is observed as an important stimulus that makes commercial banks to operate in other countries. The management characteristics such as appetite for risk and the idea to spread and diversify risk have been observed as the main stimuli for banks to move regionally and globally. This factor is well connected to the expert personnel who commercial banks hire from the global pool, and who have experience in international banking and global dealings. They introduce growth strategies which focus on expanding regionally and globally.

Another important stimulus that drives commercial banks to operate in other countries is increase in growth and size as a result of economies of scale. With experience gained overtime, commercial banks gain confidence in their operations and opt to move to lucrative markets. The gains in terms of resource capabilities, management competence and operation efficiency have seen commercial bank seek other markets so as to enjoy the advantages of economic of scale.

Most notably, emerging and untapped markets pose as a profit advantage haven for commercial banks and banks would develop entry strategies so as to capitalize on its earnings. All global business and multinational companies see profitability as one of the most important drives to internationalize its operations.

The respondents recognized that free interaction between people of different regions advance for free flow of information. Cross-border trading and free flow of persons between countries has seen commercial banks access exclusive information which they use to enter and operate in those markets. Information regarding market dynamics and clients preferences of commercial banks products has an advantage when establishing presences in those markets.

Looking back at our literature review, the findings from the respondents are pretty much in line with our expectations in technological advantage which a commercial bank acquires. The commercial banks which have development and acquired modern technology can easily move its operations to other countries with comparative less cost than a commercial bank which has out-dated or conventional technology.

Reactive Motives

The factor of attractiveness of the host country attracted many positive response answers that were not unexpected. The market size, individual income per capita and the host countries favorable GDP are the prerequisites for commercial banks growth, profit, and stability of operations. 80% of the respondents indicated that attractiveness of the host country is an important stimulus to move regionally and globally. Countries which pose stable economic growth with less economic shocks in relation to inflationary pressure and currency fluctuations are attractive to foreign commercial banks establishment. Government policies which allow free market adjustment and formulation of financial market regulatory policies which are conducive for business environment would significantly drive commercial banks to operate in those countries.

Market saturation and competitive pressure in the domestic market had considerable responses suggesting that this is an important external factor that stimulates a commercial bank to enter other countries. Intense competition as a result of new entrants and rivalry in the market, both by indigenous and foreign banks has seen commercial banks moving into other countries so as to survive. Another factor which the respondents mentioned and which is closely related to intense competition is the 'bandwagon' effect - a process of imitating other commercial banks which are moving into other countries. This is as a result of the fear to be left behind when a domestic commercial bank internationalizes its operations to other countries.

Another stimulus that commercial banks face is the product demand or unsolicited proposals from foreign countries. Not all commercial banks offer the same products to their citizens and clients; consumer market, corporate clients and government proposals. Notable, new and innovative products do not spread freely but have to move together with the expansion of foreign commercial banks in those markets.

Excess capacity has also played an important role is stimulating commercial banks to seek other countries to operate. Excess capital in terms of financing and availability of funds to loan out to the market has seen commercial banks moving to other markets other than their own. This occurrence is closely related to overproduction within an exporting environment and is also applicable to commercial banks seeking for lucrative markets abroad.

4.4.2 Change Agents in Internationalization

The results obtained from the second question from the participants were also grouped into two categories: internal change agents and external change agents. The individuals or variables that facilitate change are seen as an important factor that would see a commercial bank expanding into other countries.

Internal Change Agents

Management enlightenment is the primary internal change agents as observed from the respondents' answers. Highly trained and globally exposed managers are the essentials in motivating change. Management knowledge of global financial markets and institutions has seen several commercial banks moving to new markets abroad. Frequent foreign travel and experience abroad by managers of commercial banks, increases their foreign engagements and interest to move to other countries. The managers are more open-minded and relate well with foreign partners in other countries. According to respondents, an enlightened manager is that who is well trained, speaks a number of foreign languages, travels extensively, stayed abroad for some time, and ambitious in his or her foreign engagement.

Also of great importance in internal change agent is organizational change as a result of mergers and acquisitions as well as alliances in business operations. These changes affect the normal ways the bank was transacting its operations and strategies. Comparable to this factor is a significant internal event such as changes in governance structure or an organizational restructuring occurrence; introduction of key departments and functions of international business and global marketing in a commercial bank. Structural changes in terms of operational re-engineering as a result of acquisition of modern technology can also press on the urge of expanding operations in other regions of the world.

Critical and also mentioned by the respondents is the factor of new management or employees contracted by the commercial banks. These individuals bring expertise, knowledge and experience of global banking and they thrive to introduce the same to their new employer. In developing goals and strategies in their new job, managers frequently consider an entire new set of options for growth and expansion, one of which may be expanding the banks operations internationally.

External Change Agents

Favorable economic platforms in a foreign country is a key external agent of change according to the respondents who overwhelmingly mentioned no interference by government agencies, stable interest rates; lending and creditors interest rates being predetermined, as being an important factor. Stable economic growth and robust financial systems in a given country would result in commercial banks moving into those markets.

Another external change agent is liberalization and economic integration of countries into economic blocs. Establishments of commercial banks in the opened countries are much easier with fewer conditions and requirements as the markets tend to align their financial regulatory framework. Consequently, local clients move their business into those opened countries and the commercial banks follow these clients so as to serve them more efficiently.

The participating individuals recognized that changes in political set up and new constitution can bring confidence in those markets. As a result, other businesses and investors join these markets and create a demand for commercial banks products, hence commercial banks follow suit.

4.4.3 Barriers to Internationalization

Market Risk

The market poses great opportunities and at the same time can result to threats on occasion beyond commercial banks control. The respondents identified several market risks that exist in a given market. Being new in those markets poses a greater risk as the firm strives to adapt to the new strategies and situations. Stiff competition was singled out by all respondents as a market risk inherent to the banking industry. Existing commercial banks which had advantages in those markets are difficult to compete with, and the 'bandwagon effect' would soon catch up with the new commercial banks going in those countries.

Strong patriotism and nationalism by the host countries' people is a risk for foreign commercial banks. The respondents agreed that this risk will definitely result in the commercial bank to de-internationalize its operations from the countries. Negative customer preferences on banks products, closely related to protectionism mentioned above would adversely affect the growth prospects in the new market. The respondents categorized language barriers and cultural differences as creating business gaps and adversely affecting internationalization process.

Another risk in relation to market risk is comparative market distance between the home country and the new markets. The respondents suggested that markets that are far in terms of distance are likely to be difficult to manage especially where market aspects are totally different. The new markets may also require different product specifications; Sheriah compliance in the Middle East and North African countries.

Commercial Risk

The risk of disruption of business processes and eventual losses by commercial banks according to respondents were inflationary pressure and volatility on exchange rate in the host country. When these factors occur in an economy, they are difficult to correct or mitigate as they are determined by the prevailing economic conditions and the host country's economic and political regime.

Also of importance and internal to the commercial banks, is at times difficulties in rising sufficient capital for expansions. The commercial banks may see opportunities in new and untapped markets, have the necessary market information and management willingness but has partial or limited financial resources to reach those markets. The financial markets or financers used to raise expansion funds may be depressed or not willing to invest in those ventures.

Host country's poor financial infrastructure that causes delay in commercial banks service delivery can result to the risk of doing business and serving the clients in new markets. Information communication technology that supports financial transactions may be poor or inappropriately managed and coordinated. The threat of misappropriation and lack of the capacity to monitor and trace banks transaction is a major setback as a result of poor infrastructure.

Another commercial risk exemplified by the respondents is international fraud, defaulters and clients bankruptcy cases. Commercial banks face this threat on a continuous basis as each country has its laws different from others that handle these circumstances. Loss recovery can also be costly and at times, such cases become a public relation issue hence, the commercial banks bear the losses.

Political Risk

Negative sentiments from host country government regarding foreign commercial banks services and products, dealings and transactions, management and even diplomatic rouse against these countries can result to huge business losses. The respondents categorically observed this risk as one that makes the commercial bank lose confidence in operating in a given market.

Complexity of business registration and documentation requirement when establishing presences in new markets; registration bureaucracy and duplication, harsh legal and capital requirements imposed in the new markets, is a risk certainly for foreign commercial banks. The participants observed these as unfavorable requirements and policies in host country.

Imposition of price controls in terms of lending and creditors' interest, domestic currency controls and restriction of foreign exchange rates is a political risk. These controls discourage commercial banks from expanding in these new markets. Government laxity in assisting international commercial banks in overcoming domestic difficulties and barriers would deter entry to these markets.

The respondents recognized that civil strife, revolution and wars in an economy would disrupt international commercial banks activities. Displacement of population, withdrawal of investors and distraction of economic activities as a result of military coup or forceful regime change drives away commercial banks as these situations pose risk.

4.4.4 Mechanism to Mitigate the Barriers

The risk mitigation strategy that received the highest response is employing local workforce and increasing interaction with the market players and stakeholders. Entering new and foreign markets needs quick adaption to the environment and one way to achieve this is to increase interaction and involvement with the local people, financial players and government officials. A free and mutual relation would definitely be achieved through understanding each other through constant interaction and negotiation for the benefits of operating in these markets.

Another mitigation strategy that can be used by the commercial banks is to avoid expanding in high-risk markets. Through experience, research and statistics international commercial banks should evaluate critically the market conditions to avoid being trapped in unfavorable market. Countries that do not respect the rule of law, and with failed judicial systems, high corruption index and increased money laundering practices poses risk in doing business.

Other risk mitigating strategies mentioned by the respondents were: having an efficient management team with global financial market experiences, insure against risk in cases of fraud, defaulters and terrorism, as well as diversifying operations in more than one market.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis and data collected, the following summary, conclusion and recommendations were made. Other areas where further research may be conducted are also recommended with the intention of closing the study gaps observed.

5.2 Summary

As we have seen, decisions to internationalize commercial banks are influenced by both internal and external factors. The decisions are further determined by the level of risk in a given market environment which the commercial banks need to evaluate critically before expanding to those markets. Again, according to the results as indicated by the respondents, some factors are more important to consider than others, such as host country's attractiveness and the capacity of the firm to be able to expand and be efficient in these markets.

Based on the results and analysis we see that proactive motives and reactive motives are significant to evaluate, as these factors determine the success of the commercial banks in foreign markets. The untapped nature of a given market gives confidence to commercial banks that profitability in operating in that market is equally high and sustaining. The advantage of having exclusive information is also an important internal factor which enable commercial banks have confidence to operate in foreign markets. A proactive factor such us demand for commercial banks products and unsolicited orders and proposals from host countries' governments and businesses are equally important reactive motives to reach other markets. . Intense competition and saturation of a given market is an important factor that influences commercial bank to seek safe haven for survival in foreign markets.

The findings also indicate that agents of change determine the level of involvement in international presences for a given commercial bank. Enlightened management and significant internal event like changes in governance structure is an important internal agent of change and a push for a commercial bank to expand to foreign markets. Favorable economic conditions; the size of the market and individual income levels is an important external agents of change that will lead to internationalization process. Others are demand for commercial banks, liberalization of the foreign markets and inflow of foreign investments in the targeted markets.

The analysis and results shows that barriers to internalization exist and commercial banks evaluate them before moving to foreign markets. There exist market risk, commercial risks and political risk. The risk levels could potentially make the whole difference between success and failure for the commercial banks in foreign markets.

To mitigate these risks, most of the respondents firmly advised for recruiting locals and increasing interactions with the market players and stakeholders. Others stated there is need to diversify market operations, insure against risks, and not to expand in high-risk markets.

5.3 Conclusion

From the discussion, the study concludes that proactive motives, reactive motives, internal agents of change, and external agents of change are the primary determinants for internationalization process of commercial banks to occur. In addition, a factor that the study reveals greatly impacts on internationalization process of international commercial banks is barriers or risks involved in internationalization process and the capacity of the banks to mitigate them.

Internationalization of commercial banks should also be looked as still significant commercial banks in Kenya have not strategies to expand beyond its borders. As the world market place heads towards liberalization of economies, intense competitions are expected to progress and market saturation to increase for commercial banks. They should focus on reaching for untapped market in other regions and globally so as to survive in future. They should also learn from other international commercial banks and prosper towards success.

Internationalization process for commercial banks in Kenya has grown and improved in the new millennium but more could be done since comparative gaps are evident from other economies and regions' financial markets.

5.4 Recommendations

From the findings and conclusions, the study recommends to the managers of commercial banks in Kenya, the larger financial market regulators and market place stakeholders that:

Internationalization of commercial banks focuses on expansion of banks' operations and increased involvements for banks in global market, which is a driving force to world economic growth. Where commercial banks are influenced by both organizational and environmental factors, an over-look on international presences will be misleading and tantamount to slow growth of economies for several countries.

The study recommends that managers of commercial banks be enlightened on the opportunities that exist in untapped and prospective global markets for profit growth and satisfaction purposes. Where the world market place is opening for intense competitions and increased interactions, a corresponding strategy needs to be developed by commercial banks to survive in future. As the commercial banks strive for growth in new global markets, they need to assess and review the factors that determine internationalization process of commercial banks.

Again, there is a great need for commercial banks in Kenya to develop mechanisms to mitigate the risk inherent to the process of internationalization before expanding to these markets. The environment is not constant with areas and regions having huge disparity in terms of distances, cultures, demographics and financial regulations that exist in these markets. As stated earlier, these factors could potentially make the difference between success and failure for international commercial banks.

5.5 Areas of Further Research

In order to test whether the results of the study are replicable, future research could include similar questionnaires but use a more extensive set of sample commercial banks. A similar result with more responses and higher responses rate would make recommendations to commercial banks much more reliable. Also, an in-depth study on factors that determine internationalization process for commercial banks could be done within the East African Region and Africa as a whole for a widespread assessment on the determinant factors.

I also recommend a further study of the motives, agents change and barriers to internationalization process of commercial banks to enhance a deeper understanding of the processes' benefits and impact to the country's economy.

In my opinion, management characteristics and host countries' attractiveness as internal and external factors respectively should be kept in separate categories and be studied more closely. Simultaneously, the results point out some factors to be more important than others. Perhaps, future researchers can point additional factors that are important to commercial banks' internationalization process.

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LETTER OF INTRODUCTION

Philip Wambua Mulatya
P.O. Box 60940-00200
Nairobi, Kenya.

Respondent Name & Address

Dear Sir/Madam,

REFERENCE: INTRODUCTION LETTER

I am a student taking a Degree in Master of Business Administration at the University of Nairobi. The course is intended to prepare students to assume various responsibilities in the area of business administration and management within an organization. As part of the course, students are required to undertake a Research Project based on a particular topic of interest in the area of business administration or management.

It is against this background that I am approaching you with the request to use your experience and expertise as the basis of knowledge to carry out a research on: *Factors that Determine Internationalization process of Commercial Bank in Kenya.*

I have prepared a questionnaire as part of the research project. The questionnaire is expected to collect the necessary data to assist in achieving the objectives of this study. All information obtained through this questionnaire will be treated with utmost confidentiality, and will not be released for other purposes other than for this study. Please note that your name will not appear in the questionnaire or in the research report. Thank you in advance for your understanding and contribution.

Yours faithfully,

Philip W. Mulatya.
Mobile No.: 0722-174722

QUESTIONNAIRE

SECTION A: BACKGOUND INFORMATION

Answer/Mark as appropriate

1. Name of your organization..

2. Your current position....................................

3. Gender: Male ☐ Female ☐

4. How many years of experience do you have in the Banking Industry?

☐ Less than 1 year ☐ Between 1 and 3 years ☐ More than 3 years

5. Department

International Business, Treasury, Trade Finance and Marketing	☐
Finance and/or Operations	☐
ICT and/or Transfers Innovation	☐
Human Resources and/or Customer Service	☐
Risk Assurance and/or Compliance	☐

6. Education Level

University Doctorate Degree or equivalent	☐
University Postgraduate Degree/ Diploma	☐
University Graduate Degree/ Diploma	☐
Technical Institute Certificate/ Professional Certificate	☐

SECTION B: STRUCTURED

To what extent would you agree/disagree with the following listed statements as regards to influential factors that determine internationalization process of commercial banks?

5- Strongly agree 4- Agree 3- Undecided 2- Disagree 1- Strongly disagree

		Strongly agree	Agree	Undecided	Disagree	Strongly disagree
		5	4	3	2	1
	DECISION TO INTERNALIZE					
1.	Management characteristics such as experience in foreign countries and personality of risk-taking and ambitions are relevant in decisions to enter other foreign countries.	☐	☐	☐	☐	☐
2.	Being big in terms of asset-base, resource capability, economies of scale, unique products features/ promotion are important to have before moving to foreign market.	☐	☐	☐	☐	☐
3	Market appeal such as advancement in technology, and unique products and innovation are a driving force to open operations in foreign countries.	☐	☐	☐	☐	☐
4	Attractiveness of host country in terms of profitability, unsolicited orders by foreign country firms and government determines the decision to open branches in those countries.	☐	☐	☐	☐	☐
5	Market saturation and intense competition in domestic country result in the decision to expand to new markets.	☐	☐	☐	☐	☐
6	Where market risks, commercial risks and political risks are minimal management will be attracted to open branches in those markets.	☐	☐	☐	☐	☐

SECTION C: UNSTRUCTURED

1. What are the important triggers (stimuli) for starting operations regionally/ globally?

a) ....
....
....

b) ....
....
....

c) ....
....
....

d) ....
....
....

2. Which are the agents of change (internal and external) who have facilitated the bank to operate regionally/ globally?

a) ....
....
....

b) ....
....
....

c) ....
....
....

d) ....
....
....

3. What barriers or risk (complexity) has the bank faced expanding in foreign market?

a) Market Risk

....

....

....

b) Commercial Risk

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....

....

c) Political Risk

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....

....

4. What mechanisms has the bank developed to minimize the barriers mentioned above?

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