# GLOBALIZATION AND THE PERFORMANCE OF DIGITAL OPPORTUNITY TRUST-KENYA

#### BY

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

**NOVEMBER, 2014** 

# **DECLARATION**

This research project is my original work and has not been presented for a degree in any

other university.	
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# **DEDICATION**

This study is dedicated to my parentsø in-law, Captain A. Ali and Zainab K. Ali for their encouragement and support during the time of my studies.

# ABBREVIATIONS AND ACRONYMS

NGO: Non Governmental Organisation

INGO: International Non Governmental Organisation

**DOT**: Digital Opportunity Trust

**ECOSOC**: Economic and Social Council

**CBOs**: Community Based Organisations

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#### **ABSTRACT**

In this era of globalisation, the environment in which organisations operate is constantly changing with different factors influencing organisational performance. This study was designed to determine the globalisation effects and organisational performance of Digital Opportunity Trust-Kenya, an international non-governmental organisation. A case study design was used. Primary data was collected through an in depth interview with six top managers of the organisation. Content data analysis method was used to analyse the qualitative nature of the primary data collected. The results of the analyses provide considerable support for literature arguing that globalisation acts as a two-edged sword, one that can be beneficial and detrimental to Digital Opportunity Trust-Kenya. The study also found out that competition is a globalization effect that mostly affected the organizational performance of Digital Opportunity Trust Kenya negatively, however; the globalisation effects were found to be more beneficial to the organisational performance than detrimental. This study therefore recommends that managers must be aware of the double-edged effects of globalization, and try to capitalize on the opportunities that come with globalization while converting the threats into opportunities. The findings of this study are important because they will assist in developing policies and strategies that will ensure that the International Non-governmental Organization Sector is effective, relevant, financially viable and efficient. The outcomes can also contribute to helping the sector to confront the negative effects of globalization and sustain their competitiveness in the era of globalization.

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.1 Background of the Study

According to Hine (1994) Globalization has now become an everyday domestic phrase, used to describe, explain and validate many recent economic and social developments in our lives, the public at large frequently interprets this high degree of our utilization, production, exchange, leisure and culture activities as more incorporated with the rest of the world to mean globalization and international integration. In other words we travel more, communicate with the rest of the world easier and faster, we receive sounds and images of news in real time, we are able to buy the same product in most of the countries, we can do business all over the world, hence we now operate freely and are not restricted or limited by geographical or natural laws, barriers and forces. Intriligator (2001) suggest that the factors or forces behind globalization contribute to the inclusion process. The growing inclusion of economies, culture and societies around the globe is an important aspect in the twenty-first century, representing one of the determining and influential forces of the future development of the world. Therefore Globalization largely influences on efficiency, productivity and competitiveness on all economies of the world significantly.

The study is built on the Comparative Advantage theory of international trade, this is because, initially the concept of globalization mainly concentrated on the aspect of money, which in its turn could be seen in two dimensions; first, the multiplication of international trade and; second, the rising tide of migrant populations.

There were two reasons for the earlier. The so-called  $\pm$ softøone was that the development of economic theories promoted world trade, the main proponent of this being David Ricardo. His Theory of Comparative Advantage gave an explicit footnote to economic production and the global division of labor. From the viewpoint of globalization, the principle of impartiality and the opening up of commercial development and international trade was rooted in the distillation of the theory of comparative advantage. Secondly, with regard to the economic development of the third world, nations which followed the theory of comparative advantage enjoyed better performance than those with protectionist policies both in terms of quality and in quantity. Due to intense global competition most organizations have adopted various strategies aimed at achieving a sustainable competitive advantage.

In Kenya, registered NGOs are classified into international and national. INGOs are the ones that are incorporated in other countries other than Kenya but do operate within Kenya under a certificate of registration. Digital Opportunity Trust is an International Non-governmental Organisation headquartered in Canada and operating around the globe, Kenya included. DOT-Kenya is the focus of this study, because of its influence in the emergence of new businesses in local communities through their ReachUp! And StartUp! programs.

#### 1.1.1 The concept of Globalization

Globalization is predominantly aimed at the transcendental homogenization of political and socio-economic theory across the world as suggested by Fafowora, (1998). He refers to globalisation as the process of an increase in the economic, political, social and cultural associations across international borders, therefore an increase in the breaking down of trade barriers and global market participation, or simply put creating a world stage or global arena for the global citizen. Ohiorhenuan, (1998) states that globalization is largely aimed at the collective homogenization of ideas, cultures, principles and even lifestyles as well as at the de-territorialisation of the world.

There are several angles or perceptions of globalisation held by scholars and organisations of various fields, one being that of Mazrui (2001) and Isidore Okpewho (1999) who look at globalization as being both historical and socio-cultural development, that is, the movement of people, language, ideas, culture and commodities around the globe. The International Monetary Fund (1997) views globalization as a process of growing universal interdependence between countries through an increase in volume of cross-border dealings in commodities and of capital flows and through common sharing of science and technology advancement. According to Blake (2005) globalization is simply the supremacy of multinational corporations and the destruction of cultural identities. This means that there are at least two main view points to globalization; one is globalisation being real and the second being the drive towards inclusion and interdependence among global actors.

#### 1.1.2 Organisational Performance

Performance is a set of financial and non-financial indicators which offer information on the degree of achievement of objectives and results (Lebans & Euske, 2006). Continuous performance is the aim of any organisation because only through performance, organisations are able to develop and progress. Organizational performance does not only mean to define a problem but also provide a solution to the problem. According to Shabbir, (2012) organizational performance is the organization capability to accomplish its goals effectively and efficiently using resources. Achieving organizational goals and objectives is known as organizational performance.

According to Chen (2002), organisational performance means the change of inputs into outputs for reaching to certain outcomes. With this definition, organisational performance, as most NGOs views, is in terms of ÷efficiencyø in deploying resources, the relation between minimal and effective cost, that is ÷economyø, the relation between output and achieved outcomes, that is ÷effectivenessø and finally, in order for an organisation to remain viable over time, it must also be †relevantø to its stakeholders and their changing needs.

#### 1.1.3 The International Non-Governmental Organization sector

International Non-Governmental Organizations INGO is looked upon as any global organization that is not founded by an international treaty in spite of international orientation requirement as outlined by ECOSOC, (1950). The term NGO was used to refer to organizations that are not part of a government and are not conventional to earnings as business; this view point originates in the United Nations.

On the other hand, in Kenya, the expression is typically applied to organizations that aim at wider social and political aspects but are not openly political groupings. Willetts (2012) also states that NGOs can be defined as any legally constituted organizations established natural or legal by individuals that function independently from any outline of government. It should be noted according to NGO Directory (2012) that they are private agencies in industrial countries that support international development by partnering with indigenous groups that are structured regionally or nationally.

In Kenya, registered NGOs are classified into international and national. INGOs are the ones that are incorporated in other countries other than Kenya but do operate within Kenya under a certificate of registration. The coordination board of NGOs in its 2012 reports states it has cumulatively registered over 5000 NGOs out of which 1500 are INGOs. The board further attributes the expansion of the NGOs sector and its activities in Kenya has been facilitated as a result of the impact of globalisation and the opening up of democratic space. It further defines that INGOs can be distinguished from local NGOs with characteristics such as having international presence, voluntary or freely formed, willingly and spontaneously by individuals, groups or organisations with a element of voluntary participation, self governing and self regulating, therefore have their own internal way of governance, but operate within accepted communal norms, not for profit sharing but where profit is accrued it is ploughed back to the community through the organisation.

#### 1.1.4 Digital Opportunity Trust-Kenya

Digital Opportunity Trust is a leading international social enterprise, categorised as an international non-governmental organisation, headquartered in Ottawa, Canada, with local operations around the globe. Exploiting the power of youth, DOT transforms young people (DOT Interns) into leaders of change as they facilitate technology, business and entrepreneurial learning experiences to people in their own communities. DOT Interns are recruited from local universities and colleges in the communities where DOT operates. They are equipped with facilitation, coaching, mentoring, technology and communication skills, and placed in the communities to facilitate DOT programs. The DOT programs are diverse, but they all empower people to recognise the opportunities around them and strengthen local economies. (<a href="www.dotrust.org/about">www.dotrust.org/about</a>).

DOT Kenya is currently carrying out its operations in all of Kenya's eight provinces. Its programs are ReachUp! And StartUp! These programs are carried out in partnership with local NGOs and CBOs. ReachUp! is DOT's signature entrepreneurship program. DOT Interns act as trainers, mentors and coaches, providing business and Information Communication Technology (ICT) knowledge, and link participants to microfinance and business development opportunities in their area. DOT Kenya's StartUp! program trains the interns to become business coaches in their communities, and to support emerging local entrepreneurs. Participants are aided in developing an enterprise concept, learning business terminology, applying technology to their businesses, creating marketing links, and making realistic business plans. (kenya.dotrust.org).

#### 1.2 The Research Problem

The registered flows and challenges of globalisation undoubtedly have unification impacts on the world economy. Ansoff (1987) notes that, the environment is constantly changing, making it imperative for organisation to continuously adapt to the dynamic environment in order to succeed.

Every organisation whether private, government and even NGOs face challenges at one time or another. In particular, INGOs in Kenya, now more than ever face globalisation challenges that affect their activities, strategy implementation and performance. The INGOs sector has to adapt to the rapid changing global environment as well as articulate the stakeholdersø interests in the face of these challenges. The sector also has to manage the challenges posed by the effect of globalisation. Local NGOs that failed to adjust to a globalised economy are non-existent today. It is as a result of constant adaptation to the external environment that the INGOs like DOT ó Kenya have survived in this era of globalisation and continue to excel.

A number of studies have been undertaken across the world on globalisation challenges facing organisations, but not a lot has been written about INGOs in Kenya. International studies include that of Wakoma and Iheriohanma (2010), which explored the globalisation-business performance relationship. Other studies on the effects of globalisation include the effects of globalisation on United Nations by J. Awoniyi (2009), the effects of globalisation on marketing strategy & performance by A.Thoumrungroje (2004) and a study of globalisation and its discontents by K.Hewison (1999).

MBA project study undertaken by Gichira C. N. (2007) and Awino (2007) on globalisation challenges and their impact only focused on governmental organisation and international business and the insurance industry in Kenya. Kibera and Waruingi (1998) have looked at the various strategies organisations in Kenya have adopt in dealing with the challenges brought about by globalisation and liberalisation. Carol B and Willy M. (2011) study on õdo INGOs in Kenya walk the talk?ö has only focused on international development. However, the study of globalisation and the performance of INGOs, specifically DOT ó Kenya, which is a critical element that affects the strategic management and performance of an organisation, has not received the attention. This study will therefore investigate the globalisation effects and the performance DOT-Kenya, an international NGO. The study will address the question: What is the effect of globalisation on the performance of DOT-Kenya?

#### 1.3 Research Objectives

This study will address the following objective:-

To determine the effects of globalisation on the performance of Digital Opportunity

Trust-Kenya

#### 1.4 Value of the Study

The study made a significant contribution to the growing body of knowledge in the area of international organisation sector. The findings are used as a source of reference by future researchers and current scholars on the broader effects of globalisation to the INGO sector. From a comparative advantage theoretical standpoint, the study offers an understanding on the importance of adapting to the globalization effects such as intense global competition that most INGOs face and as such improves the organizational performance and gain sustainable competitive advantage in the INGO sector. It can also act as a basis for further research.

Policy makers have gained an insight into the effects of globalisation faced by INGOs in Kenya and accommodate the possible interventions that could be employed to enhance the NGOs performance in the policies to be formulated.

The management of the various INGOs now have a better understanding of the globalisation effects faced by INGOs in Kenya. On the basis of the findings of the study, the leadership of the various INGOs in Kenya are expected to implement measures that could address the negative effects that were identified from an informed position for the benefit of key stakeholders.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Introduction

This chapter contains a review of literature on the effects and challenges that globalisation poses to the performance of INGOs. The chapter further, looks at the theoretical perspectives of globalisation, and the relationship between globalisation and organisational performance.

#### 2.2 Theoretical Foundation

Initially the concept of globalization mainly concentrated on the aspect of money, which in its turn could be seen in two dimensions; first, the multiplication of international trade and; second, the rising tide of migrant populations. There were two reasons for the earlier. The so-called softøone was that the development of economic theories promoted world trade, the main proponent of this being David Ricardo. His Theory of Comparative Advantage gave an explicit footnote to economic production and the global division of labor. From the viewpoint of globalization, the principle of impartiality and the opening up of commercial development and international trade was rooted in the distillation of the theory of comparative advantage. Secondly, with regard to the economic development of the third world, nations which followed the theory of comparative advantage enjoyed better performance than those with protectionist policies both in terms of quality and in quantity. Due to intense global competition most organizations have adopted various strategies aimed at achieving a sustainable competitive advantage.

The concept of globalisation challenges and organisational performance has robust theoretical underpinnings. Globalisation challenges are macro-environmental uncertainties. The external environment is beyond the control of any organisation and it comprises of the competition, the economy, socio-cultural-demographic factors, political-legal-governmental aspects, technology and the natural environment (Capps & Hazen, 2002). All these can be challenges associated with globalisation. According to Galbraith (1973& 1997), Contingency theory has defined uncertainty as the variable which makes the organisation contingent upon the environment. The complexity of the environment is contingent upon the level of uncertainty that it represents to the organisation.

Therefore, it can be asserted that the greater the level of environmental complexity, the greater the level of environmental uncertainty that the organisation confronts and needs to manage (Nobre et al, 2009), in order to be successful. Complexity theory has also been used in organisational studies like understanding how organisations adapt to their environment and how they cope with the conditions of uncertainty.

#### 2.3 Challenges of Globalization

The opening up of trade between countries and local ventures bring about great potential for individuals, organisations and governments. According to Lumpkin, (2003) the process of globalisation creates new challenges and opportunities for firms. This idea is reinforced by Ohmae (1989) who viewed globalisation as manifesting itself in different forms affecting various sectors of society. There are researches that have been done over the years that have recognized the numerous challenges that are linked to globalisation (Dunning, 1993). While there are many positive aspects of globalisation, its challenges are irresistible and they influence almost every aspect of human life and organisations.

A United Nation study on globalisation shows how it influences human and organisational culture from various perspectives. One was that it represents a challenge to cultural and local languages and further shows that half of local languages in the world are feared to slowly vanish as globalisation spreads. This could lead to marginalising of many local cultures. Scientific and superiority of countries like the United States of America and the flow of information technology assist in imposing certain languages over less superior countries. For example, the English language is used as a second language in some developing and developed countries, and as a first language in others. Language has major influence on cultures and, therefore, the supremacy of the English language could add to the coming out of a global and intercontinental culture which may wash out our traditions, customs and values hence marginalises their cultures.

According to McKenna (2000) managers from different cultures/counties must be effectively moulded mutually at each corporate location and headquarters in order to make the most of overall benefits to the corporate network. While there has been a trend to rely on parent-country nationals, companies can no longer wait to prepare expatriates or take the time for them to gain the multilingual skills, experience and global vision required in today top global executives. It is clear that there is a need for organisation to develop multicultural and multinational structures in order to compete in the global market place efficiently as stated by Drazen (2000).

Competition is a characteristic of globalisation, as demand is feed supply is drained and consumers become more diverse in choice and taste for commodities. In an environment that is dynamic the firms find it necessary not only to be focused, but also be flexible and adaptive. Globalization has resulted into major increases in worldwide trade and exchanges in an increasingly open, integrated and borderless international economy, therefore, leading to stiff competition in many sectors of the economy, some directly and others indirectly (Ellis and Williams, 1995).

According to Dunning (1993), globalisation brings competition both from foreign firms as well as domestic firms that operate in a similar industry. Dicken (2007) on the other hand sees the challenges coming from foreign competitors entering firmsø local market, and from local competitors dropping their cost through global sourcing, moving production offshore or gaining economies of scale by growing into new markets. According to Norris (2000), multinationals working in other countries brings in new ways of doing businesses with the support of ever changing technology that alters how the business is done.

Another setback with globalisation is the fast spread of shocks and turmoil from one financial market to another. Even though such shocks can be taken in by big markets, they however make up obstacles to the success of macroeconomic constancy. The rapid inflow of capital to take advantage of elevated local interest rates may weaken the principal of macroeconomic stability if such flows are not based on improved domestic economic ground rules. To sustain the inflow, interest rates may have to be retained at high levels with attendant inflationary forces, mainly when capital inflow cannot be sterilised.

The constant increase in the actual exchange rate is a more grave problem, which may be counterproductive, especially for external sector competitiveness, when funds start flowing outwards on the awareness by investors that there are no more long term prospects for productive investment in an economy. This implies that globalisation has serious implications for macroeconomic management.

Writers like Ulrich Beck (1992) have argued that the uplift in power from the ‡echnoeconomic progressø is rapidly being outshined by the production of risks, which can promptly spread beyond the context in which they are generated. This is to mean that, as technology advances and the economy progresses, so does the production of risks. In other words, risks become globalised.

#### 2.4 Globalisation and Organisational Performance

Globalization is one of the most difficult development factors in the worldøs history, in its most basic and broad sense it is seen as part of the movement of history as perceived by Tandon (1998). Therefore it is safe to suggest that the õperiod of globalizationö is here, that national boundaries are diminishing as currency, workforce, development and research stream towards organizations that can offer the greatest return on investment.

As a result the face of competition is also shifting, no matter how the structure of your organization is. A small start-up or a multinational enterprise, one now needs to think, work and manage globally. It is recognized that globalization has both positive and negative impact on development according to World Health Organisation (2006).

The increasing fast flow of commodities, finance, individuals and ideas across international boundaries and the transformations in institutional policy regimes at the international and national levels do have a significant influence on development. In the case of INGOs, globalization constitutes a great deal of challenges that are faced on ground which in turn impact on development agendas and sustainability in the negative and positive. Organisations that adapt positively do thrive while those that fail to accommodate the challenges of globalization tend to fall out.

Globalisation has provided many foundations for organisations to be successful. It has provided global market opportunities to allow firms to access resources all over the world and spread out into new overseas markets, thus enhancing firm performance (Hafsi, 2002; Jones, 2002). However, according to Wakoma & Iheriohanma (2010), it is also challenging for organisations, especially those operating in developing countries, to perform efficiently. Global market threats can be destructive to organisational performance due to an increasing number of competitors and an increase in intensity of competition together with higher market uncertainty (Eng., 2001; Hafsi, 2002).

Global competitive threats and global market uncertainty are some of the challenges posed by globalisation. Based on an increase in the number of competitors, resources are becoming increasingly limited (Porter, 1980; Castrogiovanni, 1991). Such global hypercompetitive situations coupled with insufficient resources are harmful to organisational performance (Beard & Dess, 1981). Global challenges are one of those factors that should be treated with an increased interest so as to improve the performance of organisations at large.

On the other hand, the challenge of global market uncertainty which means an increase in complexity and demand uncertainty in the market (Courtney, 2001) is another threat faced by organisations operating in the global market. Hence, these organisations are faced with increasing difficulties in planning and making decisions (Chimerine, 1997).

#### 2.5 Summary

The literature review starts with the explanation of introduction to globalization with the theoretical background providing the theories related to globalization and organizational performance. From the theoretical perspective, the study is based on the comparative advantage theory and supported by the contingency and complexity theories. Further, it continues with the explanation of the globalization effects by discussing some of the examples of the challenges that come with the process, which included competition, environmental uncertainties, organizational culture marginalization, elevated interest and exchange rates and production of risks that comes with the techno-economic progress.

The chapter also explains the concept of organizational performance and how organisations achieve their goals, keeping in view performance of the case organisation is based upon efficiency, relevance, economy and effectiveness. It is observed from the literature review that in the current economic juncture, globalization theoretically and empirically is a phenomenon that cannot be avoided. It brings new challenges and opportunities to various organisations. Different studies have been conducted on globalization, but the challenge is to understand how globalization effects affect organizational performance.

There can still be economic growth and an increase in organizational performance in this era of globalization if the positive effects of this process are capitalized adequately and the negative effects are managed well. However, to achieve a total contribution to globalization and organizational performance gap, the question of how globalization affects organizational performance is important.

There is a necessity in examining the influence that each globalization effect has on organizational performance and so this research will examine the possible effects of globalization on organizational performance. The globalization effects presumably will have a powerful influence on organizational performance.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Introduction

In this chapter, the researcher described the methods that were adopted in order to answer the research questions outlined in chapter one of this study. The chapter contains the following aspect of research methodology: research design, data collection procedure and data analysis.

#### 3.2 Research Design

A case study research design was used for the purpose of this study. Mugenda and Mugenda (2003) asserted that a case study research is appropriate where a detailed analysis of a single unit is desired as it provides a focused and an in-depth understanding of a phenomenon. According to Yin (2003) a case study design should be considered when: the focus of the study is to answer õhowö and õwhyö questions, you cannot manipulate the behaviour of those involved in the study, you want to cover contextual conditions because you believe they are relevant to the phenomenon under study, or the boundaries are not clear between the phenomenon and context. However, a case study cannot be used to generalise. In this research study, qualitative method was used because it makes it possible to answer the questions why, how and in what way.

The importance of a case study is emphasized by Young (1960) and also by Kothari (1990) who both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. It is a method that drills down, rather than cast wide.

#### 3.3 Data Collection

Primary data was collected through an in-depth key informative interview guide with the top management team. The team interacted with included the director, the finance manager, monitoring & evaluation manager, development manager, program manager and program officer. This is because these managers play key strategic roles in the organisation and therefore are in a position to provide the required information to answer the research question and objective.

In order to gain qualitative insight into the problem, structured and unstructured questions were designed in advance to ensure that the research question and objective was covered. The structured questions were used in an effort to compare responses, while the unstructured questions were used to extract as much relevant information from the respondent without feeling held back in revealing any information.

The interview guide contained only open-ended questions. Cooper and Schindler (2008) point out that open ended questions help measure sensitivity or disapproval of behaviour, encourage natural modes of expression and allows the respondents to include more information, including feelings, attitudes and understanding of the issues.

#### 3.4 Data Analysis

The study used content analysis for data presentation, considering the qualitative nature of the study. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The research concurred with Gichira (2007) who employed this kind of approach in describing it as useful in gaining fresh insight even in what was thought to be known.

The data was obtained from the various members of the top management team as mentioned above. It was compared against each other in order to get a more revelation on the globalisation effects on DOT-Kenyaøs performance. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

#### **CHAPTER FOUR**

#### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter presents the data analysis, results and discussions of the study. The study aimed at determining the globalisation effects and the performance of Digital Opportunity Trust-Kenya. Primary data was collected through an in depth interview with five top managers of the organisation who included the Program manager, Program officer, Monitoring and Evaluation manager, Communications and development manager and Finance and Administration manager. An interview guide was designed for purposes of the interview. The interview guide used comprised of mainly open-ended questions. The data was thereafter analysed using content analysis based on the objective of the study and the findings presented below. The first section presents the general information of the respondent and their period of work in the organisation. It then proceeds to interpret results on the globalisation effects and the performance of Digital Opportunity Trust-Kenya.

#### 4.2 General Information

Out of the six respondents earmark for the interviews, five respondents were successfully interviewed. This gave a response rate of 83 %, of the target interviewees. Section A of the interview guide sought to establish the respondentsø background information. It included the names, position held in the organisation and the period they have been working in the organisation.

This information was important for the purposes of getting to understand the respondentsø position better in order to link them to the understanding of the organisational performance. The researcher established that the Program manager had worked for five years for the DOT-Kenya to date, and was in better position to give an appropriate data for the success of the study. Whereas the Program officer had worked for four years, the Communications and Development manager had worked for three years, while the Monitoring and Evaluation Manager and the Finance and Administration manager had both worked for one year with the organisation.

#### 4.3 The Effects of Globalization

The study in the section B of the interview guide asked the interviewees what they understood by the term globalization and which globalization effects, both positive and negative, affected the organizational performance of DOT Kenya.

Most of the respondents interviewed clearly indicated that they understood globalization as practice of operating in more than one country, that is moving beyond the country level and having a universal outlook or perspective that takes into account issues and persons beyond the <code>docalø</code> contexts. The Program manager further added that globalization is the process of interaction among people and organisations of various nations through trade, investment and advance in technology. Both the program officer and the communications and development manager pointed that globalization is deterritorialisation of the world and an increase in international integration and associations.

The respondents were asked to highlight the positive and negative effects arising from globalization which affect the organizational performance of DOT Kenya. The researcher found out that the positive effects of globalization that were raised by the respondents included; improved political ties between countries, spread of information and education, International cooperation and Migration.

In addition to this, all the respondents seemed to have a similar thought on the positive globalization effects such as advance in technology and communication information systems, increase in trade and investment potential, emergence of global market potential and diversification or spread of culture, that affect the organizational performance of Digital Opportunity Trust Kenya. The study established from most of the interviewees that the negative globalization effects facing DOT Kenya were competition, increased complexity and uncertainty.

#### 4.4 Globalization and Performance of Organizations

Section C of the interview guide asked the interviewees how organizational performance was assessed in Digital Opportunity Trust Kenya, how they described the globalization effects in relation to DOT Kenya and finally how each globalization effect affecting DOT Kenya influenced the organizational performance. The researcher found out that organizational performance in DOT Kenya was defined by mainly by its õeffectivenessö, that is, the ability of the organisation to successfully meet its objectives.

Some of the objectives mentioned by the interviewees included; empowering the disadvantaged on the use of technology, live skills and business skills, having some of the beneficiaries get jobs, having others start profitable businesses and some beneficiaries advancing in their education. The other ways of assessing organisational performance was found to be through organisationøs efficiency and relevance. However, the finance and administration manager also pointed out organisational performance was defined by its financial viability.

From the study, it was established that globalisations effects were good and positive for organisational performance. Most of the respondents who were interviewed clearly suggested globalization increase organizational performance mostly in terms of efficiency and effectiveness. The concept was found to be a slight threat to organizational performance in terms of financial viability and efficiency.

It was also evident from this study that globalization promoted international cooperation and relations among countries and improved political ties. Most of the respondents pointed out that this effect increased DOT Kenya® organizational performance in terms of financial viability and relevance. Financial viability was found to be improved through international donors and fundraising. International political ties and cooperation was found to promote growth in international business transactions. As for relevance, it was noted to be improved by satisfying stakeholder® requirements. The study found out that stakeholders in DOT Kenya required that DOT Kenya cooperates with DOT global as well as the international partners.

Most of the respondents who pointed out migration as a positive globalization effect argued that it increased organizational performance in terms of effectiveness, efficiency, relevance and financial viability. Migration was found to have a location advantage in terms of movement of people. It allowed the concept of outsourcing from the DOT global community. An example of work that was mentioned to be outsourced was software development and technical support. So DOT Kenya enjoyed the benefit of lower costs, enhanced capacity which was found to supplement the limited internal capacity, meeting the organization objective effectively and in turn stay relevant to the stakeholders by networking with the DOT global.

The researcher established from all the respondents that advance in technology and communication information system was a positive globalization effect that improved organizational performance in effectiveness, efficiency, financial viability and relevance. The program manager mentioned that effectiveness was achieved by empowering the disadvantaged on the use of technology and this was one of the objectives of DOT Kenya. Advance in technology and communication systems was found to allow ease of communication, sharing of documents, program collaboration and improvement in their quality.

Advance in technology and communication systems also allowed rapid spread of information about new programs to the beneficiaries who would be able to shift between different programs from different organisations, which in turn increased the market share for the organisation. However, this shift was found to be a slight disadvantage to organizational performance in terms of effectiveness, since it made demand less predictable and uncertain.

The finance and administration manager pointed that efficiency was improved by technology through growth in international and global transactions. The manager viewed technology as a potential opportunity of reducing work load, hence minimal stress at the work place and also cost saving.

The manager however also revealed that technology is one of the challenges of globalization which has led to the organisation adopting modern Information Technology and interlinked departments. The study established that the organisation was currently investing in new modern machinery in order to compete effectively. The Information Communications and Technology department strives to use latest Information Technology and more efficient machines, continuously trains the staff on the use of modern technology, constantly maintains systems to meet usersø needs and maintains the infrastructure and secures it from any external threat.

Also the study established that spread of information and education was a positive globalization effect that improved the organizational performance of DOT Kenya. It was found that this effect enabled sharing of ideas among the DOT community. This created networks of benefit, and so it helped in cutting down on costs. The study established that employees of DOT Kenya could even go to another member of the DOT community for a new experience and some courses which they may not find in the home country and so spread that knowledge when back. The finance manager explained how this could even cut down costs of staff training.

The study established that most of the respondents pointed that spread of culture or diversification affected organisational performance positively. According to the interviewees, DOT Kenya had become larger as it had welcome people of other civilizations and backgrounds and created a whole new culture of their own. The monitoring and evaluation manager felt that this effect promoted peace and understanding among the staff in the organisation and so this was found to be positive to efficiency and their relevance.

The researcher found out that most of the respondents who were interviewed clearly indicated that globalization increased trade and investment potential. This globalization effect was found to be a global opportunity to increase organizational efficiency and financial viability in terms of resource accessibility to DOT Kenya. Removal of trade and investment barriers was found to allow easy access to new markets around the globe and also exploitation of cheap resources. The communications and development manager added that the increase in trade and investment increased more opportunities for partnerships with DOT Kenya.

Besides the positive effects of globalization, the study was able to establish the globalization effects that affected organizational performance of DOT Kenya negatively. All the interviewees mentioned competition as a globalization effect that affected the performance negatively in terms of financial viability, efficiency, relevance and effectiveness. The program manager pointed that globalization lead to the increase in multinational organisations which created a competitive arena for organisations. It was pointed that human resource would be attracted to the better competitive organisations and hence DOT Kenya would lose some of their best members.

Competition was found to cause the organisation to upgrade its services and programs in order to differentiate itself from other organisations and also use technology skillfully in order to face the increased competition and keep up with the global trend. This was however evident that it also increased organizational performance in efficiency and effectiveness. All the respondents argued that it was due to increased competition that financial and other resources were becoming increasingly scarce. The growth of other international organisations was found to decrease DOT Kenyaøs market for participants/beneficiaries. This meant a decrease in the organizationøs relevance.

Also the study established that with the emerging of increased in complexity and uncertainties due to globalization, there was increased difficulties in planning and making decisions. The respondents also pointed out that the beneficiariesødemand was becoming hard to forecast so as to design effective programs for them. This was found decrease the organizational performance in terms of effectiveness and efficiency.

#### 4.5 Discussion

It is recognized that globalization has both positive and negative impact on development according to World Health Organisation (2006). This point was established from the study that indeed globalization effects impacts both positively and negatively on organizational performance. The study found out that DOT Kenya faces many effects that are as a result of globalization.

The positive effects of globalization that were raised by the respondents included; improved political ties between countries, spread of information and education, International cooperation and Migration. In addition to this, all the respondents seemed to have a similar thought on the positive globalization effects such as advance in technology and communication information systems, increase in trade and investment potential, emergence of global market potential and diversification or spread of culture, that affect the organizational performance of Digital Opportunity Trust Kenya. The study also established from most of the interviewees that the negative globalization effects facing DOT Kenya were competition, increased complexity and uncertainty.

This was found to be in accordance with Levitt (1983) who argues that globalization of the world economy is the integration of economies throughout the world through trade, financial flows, the exchange of technology and information, and the movement of the people.

As evidenced in the results, all the respondents identified competition and rapid change in Technology as the globalisation effects that highly pond influence on the performance of Digital Opportunity Trust Kenya. The study found that competition has got both positive and negative influence on DOT Kenyaøs performance. It was found that it is positive in a way that it increases the innovativeness of the organisation by creating new or restructuring their programs in order to gain competitive advantage. From the theoretical foundation of this study, it is due to intense global competition that most organisations have adopted various strategies aimed at achieving a sustainable competitive advantage.

On the other hand, the researcher found that competition impacted negatively on DOT Kenyaøs performance, such that it brings about high beneficiaries shifts from DOT Kenya to other organisations, especially new international organisations in the sector. According to Vels (1999), Globalization forces has led to stiff competition in many sectors of the economy and has resulted to organisations changing their activities in order to survive. Digital Opportunity Trust Kenya has not been spared by the turbulence brought by forces of globalization hence increased competition. It used to be that organisations would only compete against organisations that were geographical close and of similar size. Now with globalization, they are competing against other organisations all around the globe and of all different sizes. This was found to affect organizational performance very much in terms of financial viability.

It was discovered that the technology environment was good for the organisational performance. Advance in technology and communication information systems has helped DOT Kenya to gain a competitive advantage in its communication endeavours to its beneficiaries, stakeholders, and the DOT global community through the introduction of intranets and extranets. The organisation is considered õdigitalö, there advance in technology is an added advantage to the organisation in terms of efficiency and effectiveness.

However, this same effect was found to have a slight negative effect to the performance, since it allowed rapid spread of information about new programs to the beneficiaries who would be able to shift between different programs from different organisations. This made demand less predictable and uncertain and hence affected the effectiveness of the organisation.

The study also established that the organisation was currently investing in new modern machinery in order to compete effectively. This meant decreased performance in terms of financial viability. Intriligator (2001) argues that the trend towards globalization, which is present in all significant business activities, has resulted into a dramatic increase in the intensity and diversity of competition. This increasing trend towards globalization stems from the pervasive forces of technology, which are reshaping industries and deeply affecting the ways to compete and perform efficiently.

Globalisation has provided global opportunities to allow organisations to access resources all over the world and spread out into new markets, thus enhancing organisational performance (Hafsi, 2002; Jones, 2002). However, from the study, it is evident that globalisation according is also challenging for organisations, especially those operating in developing countries, to perform efficiently.

Globalisation threats can be destructive to organisational performance due to an increasing number of competitors and an increase in intensity of competition together with higher complexity and uncertainty (Eng., 2001; Hafsi, 2002). From the study, it was established that DOT Kenya was also faced with environmental complexity and uncertainty as a result of globalisation. As a result, its performance was affected in terms of efficiency and effectiveness. The researcher found this to be in agreement with Courtney (2001) who stated that the challenge of global market uncertainty which means an increase in complexity and demand uncertainty in the market is another threat faced by organisations operating in the global market. Hence, these organisations are faced with increasing difficulties in planning and making decisions (Chimerine, 1997).

#### CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the study, conclusion drawn from the findings highlighted, recommendations made based on the findings and suggestions on areas that need to be researched further on the concept of globalization. The conclusions and recommendations drawn were focused on addressing the purpose of this study of this study which was to determine the globalization effects and the performance of Digital Opportunity Trust Kenya.

# **5.2 Summary**

This study elaborated on the different effects that globalization has on the organizational performance of Digital Opportunity Trust Kenya. The study confirms that globalization is a universal phenomenon and that the performance of organisations is inevitably affected by its effects. Globalization is found to affect organizational performance positively and negatively. There are globalization opportunities that are likely to enhance organizational performance and there are also globalization threats that tend to worsen it.

The study established that there were globalization effects that affected the organizational performance of Digital Opportunity Trust Kenya positively in terms of effectiveness, efficiency, relevance and financial viability.

These were International cooperation and political ties, migration, spread of information and education, diversification/spread of culture, advance in technology and increase in trade and investment.

The negative effects of globalization to organizational performance were mostly found to be competition, increased complexity and uncertainty. It was established that these effects affected organizational performance mostly in terms of financial viability, effectiveness, efficiency and slightly relevance. Therefore, it is recommended that managers must be aware of the double-edged effects of globalization, and try to capitalize on the opportunities that come with globalization while converting the threats into opportunities.

#### 5.3 Conclusion

The study has managed to advance knowledge on globalization phenomenon by defining its effects. The question of how globalization affects organizational performance was addressed by examining the influence that each globalization effect has on organizational performance of Digital Opportunity Trust Kenya. This study provides considerable support for literature arguing that globalization acts as a two-edged sword, one that is beneficial and detrimental to organisation.

Managers should be prepared to cope with such effects and try to capitalize on the opportunities that come with globalization effects while carefully managing its inherent threats. Digital Opportunity Trust Kenya is facing a lot of opportunities associated with globalization effects that affect the organizational performance positively.

The organisation however, is also facing some threats associated with globalization effects like adverse competition, increased complexity and uncertainties which in turn affect organizational performance negatively. In the short run, globalization effects like intense competition may be deemed harmful for organizational performance, however, in the long run; such competition will provide a healthier economy that benefits the overall society. Higher competition will eventually encourage organisations to aim for continual improvements in order to be relevant.

Since the opportunities associated with globalization effects are more than the threats, Digital Opportunity Trust Kenya has managed to stay ahead of these threats and so has been able to be effective, efficient, financial viable and stay relevant in its performance. However, innovative and effective strategies should also be designed and implemented to enable organisations to gain competitive advantage and attain long term victory. In conclusion, globalization has appreciable positive effects on DOT Kenya¢s financial viability, operational efficiency, effectiveness in terms of service quality, new product introduction, and market share and relevance.

Organisation continually face continued changing environmental conditions, which they should prepare themselves to deal with. There is great need for managers to understand this state of affairs in order to steer their organizations to improved performance and success. Globalization should be viewed constructively and positively. This is the only way that organizations will stay prepared to handle all the challenges they may encounter in such environment. They should not try to resist change but adopt them accordingly. In an environment that is dynamic that organisations find it necessary not only to be focussed, but also be flexible and adoptive.

#### 5.4 Recommendations

The study found out that some of the respondents had inadequate knowledge on globalization concept since they strongly thought that it was concept that could only affect profit making organisations and not non-profit making, like in the INGO sector. Therefore, this study recommends that DOT Kenya should formulate policies to enable all employees recruited are trained on the globalization concept. They should also establish a research and development unit to keep the organisation abreast on the developments in the dynamic environment.

The results showed that globalization has impacted greatly on the performance of DOT Kenya. Therefore, it should be borne in mind that for great performance to be achieved by DOT Kenya, globalization should be considered as an aspect to look into. Based on these findings, the study recommends that DOT Kenya should not relent in their interaction with DOT global in order to increase their performance. Organisations should also spend more on information and communication technology since this has the capacity of increasing their performance.

The study also found out that competition is a globalization effect that mostly affected the organizational performance of DOT Kenya negatively; therefore the organisation should ensure proper and effective management of the effects of globalization in order to enhance organizational performance.

Managers must therefore be aware of the double-edged effects of globalization, and try to capitalize on the opportunities that come with globalization while converting the threats into opportunities. Innovative and effective strategies should also be designed and implemented to enable organisations to gain competitive advantage and attain long term victory.

## 5.5 Limitations of the Study

This study is among a very few studies of globalization effects. The globalization effects analyzed here apply only to a case study of Digital Opportunity Trust Kenya, an international non-governmental organisation. Therefore, the research findings cannot be used for generalization of globalization effects and organizational performance of the whole International non-governmental organisation sector.

In this study, there were limitations regarding resources and time. In conducting the study on globalisation and performance of DOT Kenya, there is very limited data available. The study could not depend on secondary data because most of the information was not available. Due to this, all of the data had to be collected by the researcher. However, it was not easy to obtain enough data from the organisation because most of the interviewees were reluctant to share information and they had limited time to offer for the interview due to their busy schedule.

# **5.6 Suggestions for Further Research**

This study focused on the effect of globalization on the performance of DOT Kenya and was a case carried out in the INGO sector. The results have shown that competition and technology mostly had a major effect on organizational performance.

There is room for future research focusing on different sectors or countries. Each country and sector is affected by the effects of globalization differently, so the results of this study cannot be applied to all sectors.

A study should be conducted to determine globalization effects and organizational performance of local non-governmental organisations in Kenya. Further research on the same should be carried out in the international non-governmental organisation sector in order to generalize the findings as opposed to the current study which took in to consideration only Digital Opportunity Trust Kenya.

Future studies should also attempt to investigate the role of moderating variables like organizational strategies in mediating the effects of globalization on organizational performance.

# 5.7 Implications on Policy, Practice and Theory

From the study, the major concern of the organisations in the INGO sector is the impact of its competitors, especially international competitors in the local market, and the impact of the complexity and uncertainty in the environment, in general. DOT Kenya should also consider talking to stakeholders such as the donors, the government and suggest policies, procedures and rules that would enhance the performance of the organisation.

The INGO sector policies must take these factors into consideration and articulate new policies that will support the organisations in achieving competitive advantage. The findings of this study therefore, are important because they will assist in developing policies and strategies that will ensure that the INGO Sector is effective, relevant, financially viable and efficient.

Business environment is very critical in determining the success or failure of business. From the research discussions, it evident that organizations have to align their business policies and practices to the existing environment for them to be successful. With a volatile business environment, organizations have to be highly flexible in their policies and practices in order to adapt to the changing business environment. The management of Digital Opportunity Trust Kenya and other International Non-governmental Organisations should use the study to benefit the organization by formulating response strategies to counter the challenges of ever changing business environment following increased globalization.

It was found that Digital opportunity Trust Kenya still lacks Research & Development and innovation in their organisation. They should therefore invest more in Research & Development to keep the organisation abreast on the developments in the dynamic environment and also differentiate their programs from those of competitors in order to improve their performance. The outcomes of the study can therefore contribute to helping the sector to confront the negative effects of globalization and sustain their competitiveness in the era of globalization.

The researchers and academic community should use this study as a stepping stone for further studies and a contribution to the comparative advantage and complexity theory. The students and academics should use this study as a reference and a basis for discussions on the strategic response to international competition.

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# **APPENDICES**

# **Appendix I: Letter of Introduction**



# UNIVERSITY OF NAIROBI MOMBASA CAMPUS

Telephone: 020-2059161 Telegrams: "Varsity", Nairobi Telex: 22095 Varsities P.O. Box 99560, 80107 Mombasa, Kenya

DATE: 27<sup>TH</sup> SEPTEMBER 2014

## TO WHOM IT MAY CONCERN

The bearer of this letter, <u>Ainayat A. Adam</u> of Registration Number <u>D61/80416/2012</u> is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

She is required to submit as part of her coursework assessment a research project report. We would like the student to do her project on **Globolization and the Performance of Digital Opportunity Trust - Kenya.** We would, therefore, appreciate if you assist her by allowing her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

SCHOOL OF BUSINESS

Thank you.

Zephaniah Ogero Nyagwoka

Administrative Assistant, School of Business-Mombasa Campus

# **Appendix II: Interview Guide**

This interview guide is designed to collect views on the globalisation effects and the performance of DOT-Kenya. The information collected will be used strictly for academic purpose only and will be treated with utmost confidence. Your views and opinions will assist the researcher to come up with useful information on the performance of DOT-Kenya in the advent of globalisation effects.

#### **Section A**

- 1. Name of respondent í í í í í í í í í í í í í í .. (optional)
- 2. What position do you hold?
- 3. How long have you served in DOT-Kenya?

#### **Section B**

- 4. According to your understanding, what is Globalisation?
- 5. What are the effects of Globalisation that affect the performance of DOT-Kenya?

#### **Section C**

- 6. How do you define /assess organisational performance in DOT-Kenya?
- 7. How would you describe globalisation effects in relation to your DOT-Kenya performance?
- 8. Briefly explain how each globalisation effect (in Q.5) has affected DOT Kenya in terms of efficiency, effectiveness, economy and relevance.

# **Notes:**

Effectiveness ó is the ability of an organisation to successfully meet its objectives/purpose.

**Efficiency** ó is the ability of an organisation to maximise the use of its resource to reach its purpose.

Relevance ó is the ability of an organisation to satisfy stakeholdersø requirements, to respond to external forces and to renew itself

**Economy/Financial viability** ó is the ability of an organisation to generate and manage adequately its resources in order to ensure its ongoing existence.

GLOBALISATION EFFECT OF	AREAS OF PERFORMANCE	HOW IT HAS AFFECTED
CONCERN TO DOT-KENYA	AFFECTED	

Thank you for your time!