INTERNATIONAL MARKET ENTRY STRATEGIES, ORGANIZATIONAL CHARACTERISTICS AND THE PERFORMANCE OF MANUFACTURING FIRMS IN KENYA

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DECLARATION

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

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DEDICATION

I dedicate this project to my parents, Mr. and Mrs. Justus Sukali, and the faculty of business at University of Nairobi for being a strong pillar stone throughout my MBA course. I have been deeply humbled by the knowledge acquired and support accorded to me during my studies at the university.

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LIST OF ACRONYMS

EAC	East African Community
FDI	Foreign Direct Investment
KIA	Kenya Investment Authority
KIPI	Kenya Industrial Property Institute
MNC	Multinational Corporation
MNE	Multinational Enterprise
ROA	Return on Firm Assets
ROE	Return on Firm Equity
SPSS	Statistical Package of Social Science

ABSTRACT

The study was on the influence of international market entry strategies on the performance of manufacturing multinationals in Kenya. Mode of entry into an international market is the channel which an organization employs to gain entry to a new international market. The choice for a particular entry mode is a critical determinant in the successful running of a foreign operation. Therefore, decisions of how to enter a foreign market can have a significant impact on the results. The descriptive research design was used in this study. There are 213 Multinational Corporations in Kenya out of which 108 firms are in the manufacturing sector. The study used a questionnaire as the preferred data collection tool and the results indicated that manufacturing multinationals used various international market strategies to venture into business. Regression results indicated that entry strategies had an influence on performance (ROA) of the firm. The study concludes that manufacturing multinational firms used more than one entry strategy to venture into business to probably enhance the firm's performance. It was possible to conclude that all entry strategies had a negative and significant relationship with performance of firms while organization characteristics had positive and significant relationship with performance. The study recommended that the multinationals firms to carry out research on the entry strategies before venturing into international market to ensure they use the appropriate entry strategy to enhance the organization performance. The study also recommends that the management to evaluate the factors to consider when choosing an entry strategy thoroughly so as to make sure they know the market very well and that the management to evaluate the factors influencing the choice of market entry modes. This is to ensure that they choose the best mode.

CHAPTER ONE : INTRODUCTION

1.1 Background of the Study

The strides made by African economies in achieving economic growth must be accompanied by efforts to boost long-term competitiveness if the continent is to ensure sustainable improvements in living standards. Regional integration is a key vehicle for helping Africa to raise competitiveness, diversify its economic base and create enough jobs for its young, fast-urbanizing population (Africa Competitiveness Report, 2013). To this end, the Kenyan Government and other East African governments have been at the forefront of enhancing integration through the East Africa Community. The East African Community (EAC) re-emerged in 2000 after the ratification of the EAC treaty signed earlier in 1999 by member states of Kenya Uganda and Tanzania. Rwanda and Burundi joined the union in 2007. It is commonly believed that the East African community will facilitate the entry of manufacturing and non manufacturing enterprises in the partner states.

The study is backed by various theories such as institutional theory, absolute advantage theory and new trade theory. Institutional theory typically focuses on the pressures exerted by external institutions on the strategies of firms. External institutions may consist of regulatory structures, agencies, laws, courts, professions, interest groups and public opinion (Oliver, 1991). To build legitimacy, organizations must comply with formal and informal rules, norms, behaviors and ceremonies set forth by external institutions in the locations where they operate (Meyer and Rowan, 1977). In absolute advantage theory, Smith argued that it was impossible for all nations to become rich simultaneously by following mercantilism because the export of one nation is another nation's import and instead stated that all nations would gain simultaneously if they practiced free trade and specialized in accordance with their absolute advantage (Guillory, 2005). New Trade Theory tries to explain empirical elements of trade that comparative advantage-based models above have difficulty with. These include the fact that most trade is between countries with similar factor endowment and productivity levels, and the large amount of multinational production (FDI) that exists (Shiozawa, 2007).

Companies enter international competitions because of different motives such as gaining global reputation, assurance of long term growth, increase of profitability, reaping the economy of scale and for other reasons such as saturation of internal market, intensity of competition in internal market and pressure of governmental rules and regulations. In international competition, a proper and creative entry strategy guaranties a long term presence in the market and leads to the success of the company in international markets.

When a firm is going to explore a foreign market, the choice of the best mode of entry is decided by the firm's expansion strategy. The main aim of every business organization is to establish itself in the global market. Thus, the process calls for developing an effective international marketing strategy in order to identify the international opportunities, explore resources and capabilities, and utilize core competencies in order to better implement the overall international strategies. The decision of how to enter a foreign market can have a significant impact on the results. Companies can expand into foreign markets via the following International Market Entry Strategies: exporting, licensing, joint venture and direct investment (Meyer, Estrin, Bhaumik, and Peng, 2009).

All of them have their advantages for the firm to explore as well as disadvantages which must be considered by the firm's top management. "What entry mode that a multinational company chooses has implications for how much resources the company must commit to its foreign operations, the risk that the company must bear, and the degree of control that the company can exercise over the operations on the new market.” (Zekiri and Angelova, 2011)

1.1.1 International Market Entry Strategies

International market entry modes can be classified according to level of control, resource commitment, and risk involvement (Hill, Hwang and Kim, 2010). For example, in a study of the international operations of service firms in the United States, Erramilli and Rao (2013) classify market entry modes into two categories based on their level of control-full-control (i.e. wholly owned operation) and shared-control mode (i.e. contractual transfer or joint venture).

Meyer, Estrin, Bhaumik, and Peng (2011) conducted a study on Institutions, Resources, and Entry Strategies in Emerging Economies to investigate the impact of market-supporting institutions on business strategies by analyzing the entry strategies of foreign investors entering emerging economies. The authors made three contributions, to enrich an institution-based view of business strategy (Oliver, 2011; Peng, 2013; Peng, Wang, and Jiang, 2009) by providing a more fine-grained conceptual analysis of the relationship between institutional frameworks and entry strategies. Secondly, they argued that institutions moderate resource-based considerations when crafting entry strategies and finally, by amassing a primary survey database from four diverse but relatively underexplored countries and combining such data with archival data, they extended the geographic reach of empirical research on emerging countries.

Kinuthia (2010) suggests that Foreign Direct Investment (FDI) has risen in Kenya from the 1990s due to the liberalization of the economy. It is mainly concentrated in the manufacturing sector and is mainly Greenfield in nature. Most of FDI in Kenya is export oriented and market seeking. The most important FDI determinants are market size in Kenya as well as within the region, political and economic stability in both Kenya and its neighbors and bilateral trade agreements between Kenya and other countries. The most important FDI barriers in Kenya are political and economic instability in Kenya, crime and insecurity, institutional factors such as corruption, delayed licenses and work permits among other factors.

1.1.2 Organizational Performance

Performance Measures are quantitative or qualitative ways to characterize and define performance. They provide a tool for organizations to manage progress towards achieving predetermined goals, defining key indicators of organizational performance and customer satisfaction. Performance Measurement is the process of assessing the progress made (actual) towards achieving the predetermined performance goals (baseline). Traditional, financially based performance measurement approaches have a number of serious drawbacks (Kaplan & Norton, 2012). These include the element of outcome focus. Established financial indicators such as turnover and profit before tax are outcome indicators.

Four useful measures of firm profitability are the rate of return on firm assets (ROA), the rate of return on firm equity (ROE), operating profit margin and net firm income.

The ROA measures the return to all firm assets and is often used as an overall index of profitability, and the higher the value, the more profitable the firm business. The ROE measures the rate of return on the owner's equity employed in the firm business. It is useful to consider the ROE in relation to ROA to determine if the firm is making a profitable return on their borrowed money. The operating profit margin measures the returns to capital per dollar of gross firm revenue. It focuses on the per unit produced component of earning profit and the asset turnover ratio (discussed below) focuses on the volume of production component of earning a profit (Crane, 2011). Net firm income comes directly off of the income statement and is calculated by matching firm revenues with the expenses incurred to create those revenues, plus the gain or loss on the sale of firm capital assets. Like working capital, net firm income is an absolute dollar amount and not a ratio, thus comparisons to other firms is difficult because of firm size differences (Gilbert and Wheelock, 2009).

1.1.3 Manufacturing Sector in Kenya

Kenya has the biggest formal manufacturing sector in East Africa (UNIDO, 2008). It is evident that the sector makes an important contribution to Kenya's economy (KAM, 2009). The industrial sector’s share of monetary GDP has remained about 15-16% while that of manufacturing sector has remained at a little more than 10% over the last two decades. Manufacturing activities account for the greatest share of industrial production output and form the core of industry. Manufacturing sector makes an important contribution to the Kenyan economy and currently employs 254,000 people, which represents 13 per cent of total employment with an additional 1.4 million people employed in the informal side of the industry. The average size of this sector for tropical Africa is 8 percent. Despite the importance and size of this sector in

Kenya, it is still very small when compared to that of the industrialized nations (KIRDI, 2009).

There are 108 multinationals in the manufacturing sector in Kenya. The performance of manufacturing multinationals has been improved over the last decade (2002 to 2012). For example, East African breweries have posted impressive full-year results for the period to 30th June 2012, delivering 24% increase in revenue to Kshs. 55.5 billion over prior year and 21% increase in operating profit to Kshs. 15 billion. Profit before tax grew by 24%, while profit attributable to shareholders was Kshs. 10.6 billion, representing a 45% growth over prior year (EABL Financial Results, 2012).

The legal framework for FDI is provided by the Companies Ordinance, the Partnership Act, the Foreign Investment Protection Act and the Investment Promotion Act. Kenyan investment law is modelled on English investment law. Legally, foreign companies are accorded the same treatment as local companies.

1.2 Research Problem

The choice for a particular entry mode is a critical determinant in the successful running of a foreign operation (Erramilli and Rao ,1993). However, it may seem that the use of particular strategies by international firms may yield higher growth and performance than others (Lages and Montgomery, 2012).

Kenya has the biggest formal manufacturing sector in East Africa. This sector has grown over time both in terms of its contribution to the country's Gross Domestic Product and employment. The performance of the multinationals manufactures in Kenya has been on the rise and it is important to explore the influence of market entry strategies on the financial performance of multinational firms in Kenya.

Studies on the relationship between the choice of international market entry strategy and firm performance are abundant at global level. A case study that focused on mode of entry strategies that would be used by a Finnish firm, YIT Group to enter a developing country, Kenya. Mugendi(2010) investigated the Equity Bank's foreign market entry strategies into Southern Sudan and Uganda. Ngetich (2010) investigated the strategies adopted by Kenya Commercial Bank to gain entry into East Africa Region Financial Market. Wachari (2010) conducted a study on the determinants of Foreign Entry Strategies adopted by Kenya Firms in selecting and entering international markets. However, none of the local studies focus on the multinational manufacturing subsector.

There lacks conclusiveness on global studies about the choice of market entry strategy and firm performance. There exist glaring knowledge gaps as far as scarcity of local studies, context, conclusiveness and difference in opinions is concerned. Studies on the choice of international market entry strategy and firm performance seem to concentrate on the developed and emerging countries. There is a scarcity of studies on the marketing strategies techniques used by firms in Kenya and in particular those that attempts to examine the relationship between international market entry strategies and performance of manufacturing multinationals in Kenya, hence the focus of this study. The research question that this study wishes to address is; what is the influence of market entry strategies on performance of manufacturing multinationals in Kenya.

1.3 Study Objectives

i) To determine and establish the motive behind the choice of market entry strategies by manufacturing multinationals in Kenya

ii) To examine the influence of market entry strategies and organizational characteristics on the performance of manufacturing multinationals in Kenya

1.4 Value of the Study

The study may be of use to management of manufacturing concerns in Kenya. This is because it would highlight the impact of choice of entry strategy to growth of a firm. Managers may therefore use these results to select the optimal strategies that would optimize growth of multinationals. Findings from the study could aid managers of prospective firms, and also those other people that want to go into other markets. The study will also provide ample information to those firms already in the market with strategies that are not working for them.

The study results may be used by the implementation panel for vision 2030 to craft a policy that would increase the impact of entry strategies on growth of multinationals operating in Kenya. This would consequently lead to higher productivity and achievement of vision 2030 goal of annual economic growth of 10%.

The study may also be a valuable addition to literature review and scholars of international business management, business strategy and growth. This will provide more literally material which will be of value to scholars, students and researchers. This study can also be used as a basis of further research and also in academics in the area of international business management, business strategy and growth.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the various theoretical concepts that have been explored in the study. Specifically, the study reviewed the concept of multinationals, market entry strategies and organizational performance. The empirical review addressed the various studies that have been done on the area.

2.2. Theories on International Market Entry Strategies

The study is hinged on various theories; these are institutional Theory, Absolute advantage Theory and New trade Theory.

2.2.1 Institutional Theory

Institutional theory typically focuses on the pressures exerted by external institutions on the strategies of firms. External institutions may consist of regulatory structures, agencies, laws, courts, professions, interest groups and public opinion (Oliver, 1991). To build legitimacy, organizations must comply with formal and informal rules, norms, behaviors and ceremonies set forth by external institutions in the locations where they operate (Meyer and Rowan, 1977). Hence, institutional theorists emphasizing the value of conformity to the external environment suggest that firms need to be similar, or isomorphic, to their environment and surrounding agents to survive and prosper (DiMaggio and Powell, 1983). Isomorphism through mimicry is a strategic choice whereby one firm enhances its legitimacy in a population by resembling other incumbent firms facing the same set of environmental conditions.

2.2.2 Absolute Advantage Theory

The principle of absolute advantage refers to the ability of a party (an individual, or firm, or country) to produce more of a good product or service than competitors, using the same amount of resources (O'Sullivan & Sheffrin, 2003). Adam Smith first described the principle of absolute advantage in the context of international trade, using labor as the only input. Since absolute advantage is determined by a simple comparison of labor productivities, it is possible for a party to have no absolute advantage in anything; (Marrewijk, 2007) in that case, according to the theory, no trade will occur with the other party (Harrington, 2009). It can be contrasted with the concept of comparative advantage which refers to the ability to produce specific goods at a lower opportunity cost.

The main concept of absolute advantage is generally attributed to Adam Smith for his 1776 publication An Inquiry into the Nature and Causes of the Wealth of Nations in which he countered mercantilist ideas (Marrewijk, 2007). Smith argued that it was impossible for all nations to become rich simultaneously by following mercantilism because the export of one nation is another nation's import and instead stated that all nations would gain simultaneously if they practiced free trade and specialized in accordance with their absolute advantage (Guillory, 2005). While there are possible gains from trade with absolute advantage, the gains may not be mutually beneficial. Comparative advantage focuses on the range of possible mutually beneficial exchanges.

2.2.3 New Trade Theory

New Trade Theory tries to explain empirical elements of trade that comparative advantage-based models above have difficulty with. These include the fact that most trade is between countries with similar factor endowment and productivity levels, and the large amount of multinational production (FDI) that exists. New Trade theories are often based on assumptions such as monopolistic competition and increasing returns to scale. One result of these theories is the home-market effect, which asserts that, if an industry tends to cluster in one location because of returns to scale and if that industry faces high transportation costs, the industry will be located in the country with most of its demand, in order to minimize cost.

Although new trade theory can explain the growing trend of trade volumes of intermediate goods, Krugman's explanation depends too much on the strict assumption that all firms are symmetrical, meaning that they all have the same production coefficients.

2.3 International Market Entry Strategies

International market entry modes can be classified according to level of control, resource commitment, and risk involvement (Anderson and Gatignon, 2012; Erramilli and Rao, 2013; Hill, Hwang and Kim, 1990). For example, in a study of the international operations of service firms in the United States, Erramilli and Rao (2013) classify market entry modes into two categories based on their level of control-full-control (i.e. wholly owned operation) and shared-control mode (i.e. contractual transfer or joint venture).

Many forms of market entry strategy are available to firms to enter international markets. One classification first distinguishes between equity and non-equity modes. Equity modes involve firms taking some degree of ownership of the market organizations involved, including wholly owned subsidiaries and joint ventures. Non equity modes do not involve ownership and include exporting or some form contractual agreements such as licensing or franchising (Wilkinson and Nguyen, 2011).

The classification system adopted by Kim and Hwang (1992) is three fold: licensing, joint ventures and wholly owned subsidiaries. Kim and Hwang believe that these methods provide three distinctive levels of control and require different levels of resource commitment. Kwon and Konopa (1993) indicate that each foreign market entry mode is associated with advantages and disadvantages in terms of risk, cost, control, and return. Agarwal and Ramaswami (1992) suggest that the most commonly used entry modes are exporting, licensing, joint venture and sole venture. These methods involve varying levels of resource commitment.

Cateora and Graham (2011) stated there are six basic strategies for entering a new market: export/import, licensing and franchising, joint venturing, consortia, partially-owned subsidiaries, and wholly-owned subsidiaries. Generally, these represent a continuum from lowest to highest investment and concomitant risk-return potential. In choosing a particular strategy, a company constructs a fit between its internal corporate risk "comfort level" and the externally-perceived risk level of the target entry market. Two companies may perceive different risks as they evaluate the same market and therefore choose different entry modes. Two companies also may perceive the same risks in a country but still choose different strategies because of their firm's differing tolerances of risk. More specifically, the different market-entry strategies can be encapsulated as follows.

Karkkainen (2011) suggest that the initial classification of different international entry modes is founded on two separate characteristics; the location of manufacturing facilities, and the percentage of ownership the firm desire in foreign investment. Entry in the foreign markets can occur in two ways based on the location of the manufacturing facilities. The firm can either export its products to the target country from production facilities outside that country (exporting strategies), or the firm can transfer its resources in technology, capital, human skills, and enterprise to the foreign country, where they may be sold directly to users or combined with local resources to manufacture products for sale in local market (non exporting strategies). The second characteristic (percentage of ownership) offers three different options; none, partly or wholly owned investment.

Ndegwa and Otieno (2010) conducted a study on market entry strategies for a transition country, Kenya, a case study that focused on mode of entry strategies that would be used by a Finnish firm, YIT Group to enter a developing country, Kenya. The focus was on motives to enter developing countries, the strategies used to enter developing countries, the factors influencing the decision of entry strategy, and finally problems facing companies entering developing markets experience. The study concluded that the most significant motive to enter developing countries is potential growth of the market, the most suitable entry mode strategy is joint venture, the most significant factor influencing the entry mode decision is the legal framework, and the largest problem experienced by companies investing in the country is bureaucracy.

2.3.2 Motives for the Choice of an Entry Strategy

Given many factors influencing the choice of market entry modes have been suggested in the literature, it is not possible to include all the factors in a single study (Anderson and Coughlan, 2013). The conceptual framework regarding the choice of foreign market entry modes used in this study is based on the results of studies in the literature, mainly those in the area of the eclectic framework. The eclectic approach has been widely used in explaining the choice between FDI and other market entry modes (e.g. Agarwal and Ramaswami, 1992). It has been suggested that location and ownership endowments are the most likely factors determining the choice of FDI or exporting modes (Dunning, 2009).

The influence of location factors on the choice of market entry modes has been specifically or partially examined in a number of studies (e.g. Kwon and Konopa, 1993). Prior studies have offered a number of subthemes for examining the impact of host country location factors on the market entry decision. Past studies have suggested that the choice of FDI modes is related to a firm's familiarity with the host market (Gatignon and Anderson, 2009). It has been found that firms which have prior host market experience are more likely to choose a FDI mode (Kim and Hwang, 1992).

Partnership and networking resources of various kinds are less important for entering institutionally mature countries, such as those of the European Union or the U.S. because these countries already have well-established institutions that facilitate internationalization (Henisz, 2010). Developed countries possess well-structured, highly specialized and effective institutions, which smooth the process of MNEs' entry. In addition, because these countries have more sophisticated markets and more developed firms (both domestic firms and subsidiaries of foreign MNEs), it is likely that foreign firms entering these countries will base their advantage on some form of intangible resource (e.g., knowledge) or capability (Kogut and Zander, 2012; Dunning, 2009). In contrast, MNEs are more likely to select collaborative entry strategies to uncover the possible hazards of embedded rules and hidden norms when they enter an institutionally primitive market from an institutionally mature market (Johanson and Mattson, 2009; Chen and Chen, 2013).

Foreign entry strategies are also determined by the degree of conformity to internal pressures (Xu and Shenkar, 2012). Internal pressures include existing organizational structure, corporate mission, vision and goals of MNEs, norms and values, management and dominant coalitions and organizational culture. For example, MNEs favoring a high degree of control and coordination of subsidiaries are more likely to favor wholly-owned strategies over other foreign entry strategies (Davis, Desai, and Francis, 2013) as the means of parental isomorphism to better override internal disruptions and inefficiencies. Tallman and Yip (2013) argue that absolute adaptation to the host country would reduce the MNEs "to a loose collection of autonomous businesses that enjoy little synergy while incurring the overheads of a large MNE." Specifically, we may expect acquisition of existing firms to be more likely to cause disruption in the overall organization's stability and dominant culture (Prahalad and Bettis, 2010). Conversely, greenfield startup entry strategy permits fuller replication of internal structures and normative values, with less internal disruption.

Finally, several studies have suggested that the service requirements of a product can also affect the choice of market entry mode. It has been suggested that when a manufacturing firm's product requires a higher level of before or after sales service, it tends to produce products in the host market or to have a local presence in order to ensure that adequate services are performed (Ramaseshan and Patton, 2009). The same conclusion is reached by research on the internationalization of the service sector where it appears that service providers whose products require a high degree of supplier-buyer interaction tend to choose a FDI mode to serve the market (Vandermerwe and Chadwick, 2012; Patterson and Cicic, 2012).

2.4 International Market Entry Strategies and Organizational Performance of Multinationals

The choice of entry mode has become a crucial strategy decision for firms wishing to enter international markets, as it will have an important influence on their future business success (Peinado and Barber, 2009). Market entry strategies affect business performance in the context of manufacturing industries (Kirca, 2011). Choosing the right entry strategies is one of the key points in international marketing. These strategies have an effect on performance and duration of it through determining the method and allocating essential and sufficient resources (Ekeledo & Sivakumar, 2013).

Entry mode performance is defined in terms of efficiency or profitability. Non profit motives, such as resource and knowledge development or strategic moves against competitors, are assumed to be reflected in long term profit. Profitability depends on costs and revenues (Wilkinson and Nguyen, 2011). Furthermore, some of the researches indicate that entry strategies affect export performance by determining the control level, risk level and company share in foreign markets and end up with the success or failure of the company (Kock et al., 2014).

Previous studies have generally neglected the link between exporting and performance and survival. An exception is the study conducted by McDougall and Oviatt (2010). Their longitudinal study of 62 new manufacturing firms in the USA engaged in the computer and communications industries revealed that ventures that had increased international sales, compared to those that had not, exhibited superior performance in terms of both relative market share and return on investment (ROI). However, their study was conducted over only a 2-year period and focused solely upon a relatively small sample of manufacturing firms. Westhead (2009), during his cross-sectional study of new firms in Great Britain, focused upon the performance of firms engaged in manufacturing and producer services activities. He found that exporting firms recorded significantly higher levels of absolute growth since the businesses had received their first orders than did non exporting firms (Westhead et al, 2009).

2.5 Organization Characteristics

Research on entry strategy has identified a firm's level of involvement or control over an operation and resource commitment as critical dimensions upon which entry strategies can be categorised (Kogut and Singh, 2012; Treadgold, 2013). Treadgold (2013) distinguishes between three main entry strategies. First, an entry strategy that affords a high degree of control is normally associated with high cost, such as acquisition, dominant shareholding or wholly owned greenfield investments. The second strategy involves medium cost and control, which is typically connected with 50:50 joint ventures. Third, a low cost strategy is said to imply a reduction in control, such as minority equity interests, franchise arrangements and in-store concessions.

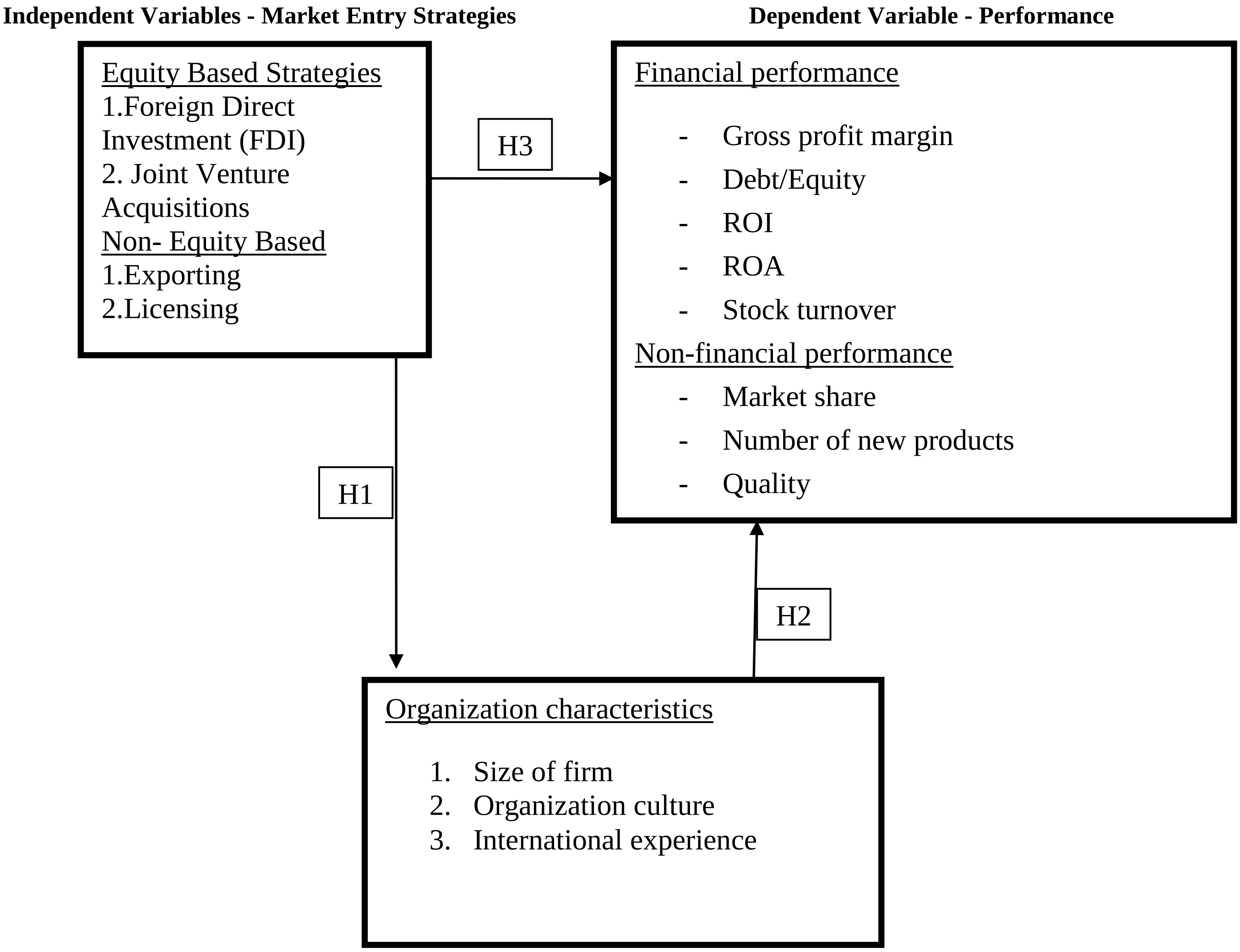
Organizational culture is a critical factor in determining a firm's corporate strategy and direction. Organizations can be classified as one of four cultures (Deshpande, et al., 2014). First, a hierarchical culture emphasizes established procedures, rules and uniformity. Second, the clan culture stresses loyalty, tradition and commitment to the firm. Third, the market culture focuses on competitive actions and achievement. Fourth, an organization with an adhocracy culture is entrepreneurial, creative and flexible. In his study of organizational culture as an antecedent to the export intention of firms Dosoglu-Guner (2013) found that a clan culture decreases and an adhocracy culture increases a firm's probability of exporting to a foreign market. The logic provided by Dosoglu-Guner's (2013) study and Deshpande et al's. (2012) classification of organizational cultures suggests a positive relationship between organizational culture and entry strategy

International experience has been shown to have important implications for entry strategy selection (Anderson and Gatignon, 2012; Caves, 2013). It is argued that as firms gain more international experience the level of uncertainty regarding operating in foreign markets will reduce, which, in turn, increases the likelihood that such firms will use high cost/high control entry strategies. Correspondingly, those firms with less international experience are more likely to enter a foreign market through a joint venture as a means of sharing the risks and responsibility (Caves, 2013).

In terms of firm size, White (2011) suggests that larger retailers, with greater financial resources, are more likely to use acquisition as a mode of entry, whereas small retailers will evaluate the relative benefits of franchising, concessions, distributors and agents. This positive relationship between firm size and entry strategy is supported by the export literature which has found a strong association between firm size and high cost/high control entry strategies (Caves, 2013; Erramilli and Rao, 1993; Kogut and Singh, 2012).

2.6 Conceptual Framework

Figure 2.1: Conceptual Framework



The choice of market entry strategies has a direct relation to the organization's performance and its characteristics which has led to these hypothesis:

Hypothesis 1 (H1) – How does the characteristics of an organization influence its performance?

Hypothesis 2 (H2) – How does market entry strategies influence the characteristics of an organization?

Hypothesis 3 (H3) – How does market entry strategies affect the financial performance of an organization?

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. Specifically, it identified the research design, the target population, the sample design, the data collection instrument and methods of data analysis.

3.2 Research Design

This study was conducted through a descriptive survey study. The design was considered suitable as it allowed a methodical choice of samples and a rigorous analysis of data. According to Kothari (2011), a descriptive study is undertaken in order to describe the general characteristics of the study population and be able to describe the characteristics of the variable of interest in a situation. It is a method of survey in depth rather than in breadth..

3.3 Population

The target populations of this study was multinationals in the manufacturing sector in Nairobi. The sampling frame was retrieved from the Mars Group Kenya (2013) and is given at the appendix II and sample matrix is given at appendix III. A sample size of 54 respondents was randomly selected from each of the selected firms'.

3.5 Data Collection

The study will use both primary data and secondary data. Primary data will be collected through the questionnaire about preferred market entry strategies. Secondary data will constitute the financial performance of the multinational manufacturing firms.

The study used a questionnaire as the preferred data collection tool. Structured questions were therefore used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the respondent to give an in-depth and felt response. The questionnaire had both open ended and close ended questions. The questionnaire designed in this study comprised of four sections: The first part was devoted to collect data on firm characteristics of the multinationals, the second section was on the market entry strategy used by manufacturing MNCs, the third part investigated the motives for choosing particular market entry strategies and the fourth was on the influence of market entry strategies to performance of multinationals. The questionnaire was administered either to strategic manager or business development manager from the selected institutions. Secondary data on financial performance of the institutions was collected from existing records of the institutions.

3.6 Data Analysis

This study used the quantitative method of data analysis which included inferential and descriptive statistics. The rationale for using this analysis is because some of the data results may require quantitative interpretation. For instance, descriptive statistics included frequencies and measures of central tendency mainly means and frequencies.

Inferential statistics included regression modeling. The tool for data analysis was Statistical Package for Social Sciences (SPSS) version 20 program. The results were presented using tables and pie charts to give a clear picture of the research findings

The regression model was as follows.

$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + ẹ$

Y= Performance

X_1= Equity based Entry Strategies

X_2= Non Equity based Entry Strategies

X_3=Size of firm

X_4=Organizational Culture

X_5= International Experience

e=error term

In the model *a* is the constant term while the coefficient β_1 to β_5 are used to measure the sensitivity of the dependent variable (Y) to unit change in the explanatory variable (X_1, X_2, X_3 and X_5). μ is the error term which captures the unexplained variations in the model.

ROA = α + β_1 Equity based entry strategies+ β_2 Non Equity based entry strategies + β_3 Size of firm+ β_4 Culture + β_5 International Experience+ μ

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the results of the study. The descriptive statistics were presented first followed by the model results. The interpretation and discussion of the results are presented in a separate section. The chapter summary is also given.

Table 4.1 presents the response rate of the respondents. The number of questionnaires that were administered was 54, out of these a total of 46 questionnaires were properly filled and returned while 8 were not returned. This represents an overall successful response rate of 85%. According to Babbie (2004) a response rate above 50% is acceptable. Mugenda and Mugenda (2008) also agree that a response rate of 50 percent can be relied on in descriptive research. AAOPR (2011) explained that a response rate of over half is good while over 70% is very good. Therefore a response rate of 85% is very good. Statistical Package for Social Sciences (SPSS) was used to analyze the data which has been presented by use of tables and pie charts.

Table 4.1: Response Rate

Response rate	Frequency	Percent
Returned	46	85%
Not returned	8	15%
Total	**54**	**100**

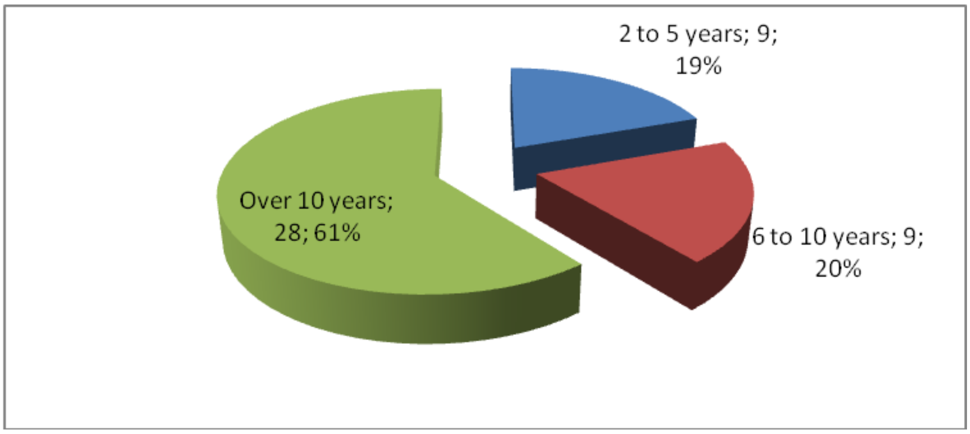
4.2 Firm Characteristics

This section presents the firm characteristics results. The results are presented in Figure 4.1.

4.2.1 Length of Period in Operation

The respondents were asked to indicate the length of period of their firms in operation in Kenya. Majority (60%) of the respondents indicated over 10 years while 20% of the respondents indicated 6-10 years and 19% of the respondents indicated 2 to 5 years. The findings imply that the organizations had existed for a long period and hence they have enough experience on the use of market entry strategies.

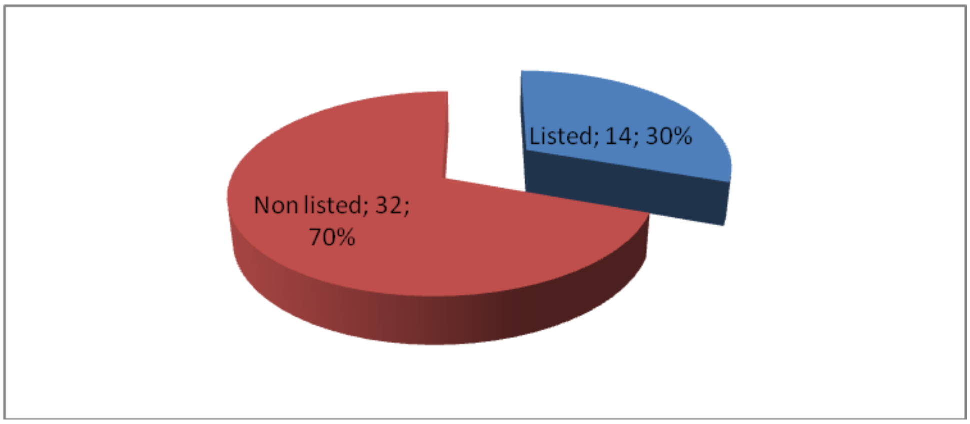
Figure 4.1: Length of Period in Operation



4.2.2 Listing Status

The respondents were asked to indicate the listing status of the companies. Results in Figure 4.2 indicate that 70% of the respondents indicated not listed while 30% indicated listed. The findings may have an implication on the choice of market entry strategies. In addition, listed firms may have different motivations and factors affecting their choice of market entry strategies compared to non listed firms.

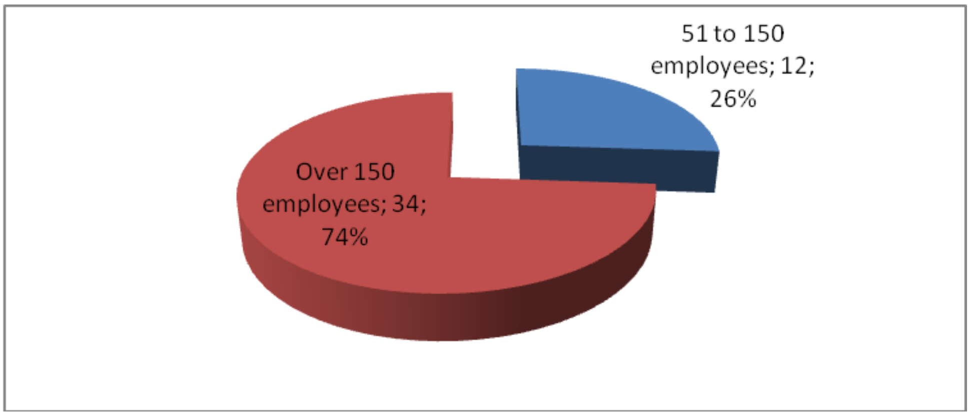
Figure 4.2: Listing Status



4.2.3 Number of Employees

The respondents were asked to indicate the number of the employees in the companies. Results in Figure 4.3 revealed that majority (74%) of the respondents indicated over 150 employees while 26% indicated 51 to 150 employees. The findings imply that the organizations were large enough and that they fell into the categories of large business.

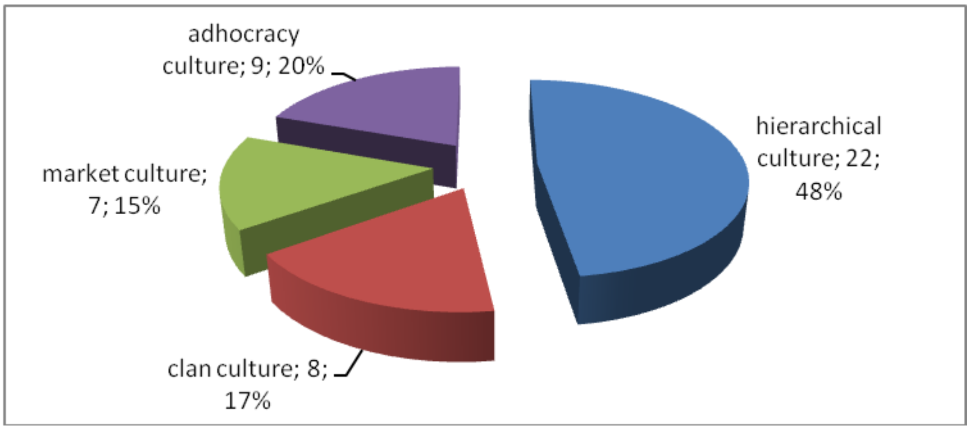
Figure 4.3: Number of Employees



4.2.4 Type of Culture

The respondents were asked to indicate the type of culture for their companies. Figure 4.4 reveals that 48% of the respondents indicated they had hierarchical type of culture while 20% indicated adhocracy culture and 15% indicated market culture.

Figure 4.4: Type of Culture



4.3 Descriptive Results

This section presents the descriptive results for the dependent variable and independent variables. The results are presented in frequency tables and trend graphs.

4.3.1 Non-Equity Based Strategy

The study sought to find out the non-equity based strategies that the companies use. Table 4.2 shows that 82.6% of the respondents agreed that their organization used licensing mode of international marketing strategy to venture into multinationals, 73.9% agreed that their organization used wholly owned subsidiaries mode of international marketing strategy to venture into multinationals and 80.4% agreed that their organization used exporting mode of international marketing strategy to venture into multinationals. The mean score of responses for this section was 3.88 which indicate that majority of the respondents agreed with the statements regarding non-equity market based strategy of multinational firms in Kenya. The findings imply that the manufacturing firms in Kenya use several market entry strategies. The finding also imply that manufacturing firms in Kenya do not rely on only one market entry strategies since there are gains to be made and advantages to be exploited when using different market entry strategies.

Table 4.2: Non-Equity Based Strategy

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Likert Mean
My organization used licensing mode of international marketing strategy to venture into multinationals,	17.4%	0.0%	0.0%	56.5%	26.1%	3.74
My organization used wholly owned subsidiaries mode of international marketing strategy to venture into multinationals.	15.2%	6.5%	4.3%	30.4%	43.5%	3.8
My organization used exporting mode of international marketing strategy to venture into multinationals.	10.9%	0.0%	4.3%	37.0%	47.8%	4.11
Average	14.5%	2.2%	2.9%	41.3%	39.1%	3.88

4.3.2 Equity Based Strategy

The respondents were asked to indicate the equity based strategy used in their organizations. Results on Table 4.3 indicate that 93.5% of the respondents agreed that their organization used Franchising mode of international marketing strategy to venture into multinationals, while 76.1% agreed that their organization used Joint Venture mode of international marketing strategy to venture into multinationals and 67.4% agreed that their organization used direct Investment mode of international marketing strategy to venture into multinationals. The mean score of responses for this section was 3.88 which indicate that majority of the respondents agreed with the statements regarding equity market based strategy of multinational firms in Kenya. The findings imply that the manufacturing firms in Kenya use several market entry strategies. The finding also imply that manufacturing firms in Kenya do not rely on only one market entry strategies since there are gains to be made and advantages to be exploited when using different market entry strategies.

Table 4.3: Equity Based Strategy

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Likert Mean
My organization used Franchising mode of international marketing strategy to venture into multinationals.	2.2%	0.0%	4.3%	56.5%	37.0%	4.26
My organization used Joint Venture mode of international marketing strategy to venture into multinationals.	13.0%	6.5%	4.3%	50.0%	26.1%	3.7
My organization used direct Investment mode of international marketing strategy to venture into multinationals.	10.9%	15.2%	6.5%	30.4%	37.0%	3.67
Average	8.7%	7.2%	5.0%	45.6%	33.4%	3.88

4.3.3 Size of Firm

The study sought to find out the influence of size of firm on the performance of manufacturing multinationals in Kenya. Table 4.4 shows that 73.8% of the respondents agreed that their organization believes that small boards have more favorable performance, 82.6% agreed that coordination and communication problems impede company performance when the number of directors increases and 73.6% of the respondents agreed that decision-making problems impede company performance when the number of directors increases. The mean score for responses in this section was 4.03 which indicate that majority of the respondents agreed that size of the firm was a key determinant of company performance of multinational manufacturing firms.

Table 4.4: Size of Firm

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Likert Mean
My organization believes that small boards have more favorable performance	6.5%	8.7%	10.9%	26.1%	47.8%	4
Coordination and communication problems impede company performance when the number of directors increases	2.2%	8.7%	6.5%	28.3%	54.3%	4.24
Decision-making problems impede company performance when the number of directors increases	2.2%	17.4%	6.5%	41.3%	32.6%	3.85
Average	3.6%	11.6%	8.0%	31.9%	44.9%	4.03

4.3.4 International Experience

The study sought to find out the effect of international experience on the performance of manufacturing multinationals in Kenya. Results on Table 4.5 show that 71.7% of the respondents agreed that their organization had international experience hence improved performance and 71.8% agreed that their organization had resources available hence improved performance. The mean score for responses in this section was 3.85 which indicate that majority of the respondents agreed that international experience was a key determinant of company performance of multinational manufacturing firms.

Table 4.5: International Experience

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Likert Mean
My organization has international experience hence improved performance	6.5%	13.0%	8.7%	32.6%	39.1%	3.85
My organization has resources available hence improved performance	10.9%	10.9%	6.5%	26.1%	45.7%	3.85
Average	8.7%	12.0%	7.6%	29.4%	42.4%	3.85

4.3.5 Organizational Culture

The study sought to establish the influence of organizational culture on the performance of manufacturing multinationals in Kenya. Table 4.6 indicates that 78.2% of the respondents agreed that their organizational culture supports international business, 65.3% agreed that their company had deep understanding in the operational rule in our industry and 63% agreed that their company had sufficient recognition on change trends and establishment plans for quick response. The mean score for responses in this section was 3.93 which indicate that majority of the respondents agreed that organizational culture was a key determinant of company performance of multinational manufacturing firms.

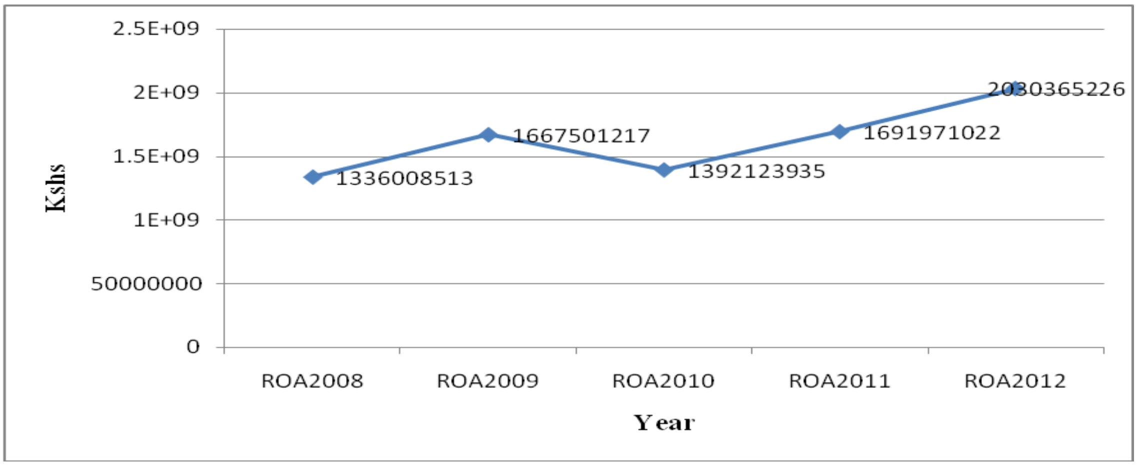
Table 4.6: Organizational Culture

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Likert Mean
My organizational culture supports international business	0.0%	6.5%	15.2%	23.9%	54.3%	4.26
Our company has deep understanding in the operational rule in our industry	0.0%	21.7%	13.0%	28.3%	37.0%	3.8
Our company has sufficient recognition on change trends and establishment plans for quick response	0.0%	21.7%	15.2%	30.4%	32.6%	3.74
Average	0.0%	16.6%	14.5%	27.5%	41.3%	3.93

4.3.6 Performance (Return on Asset)

The study sought to establish the profitability of manufacturing multinational firms in Kenya across a period of five years. Results in Figure 4.5 shows that the average mean of return on asset increased gradually from 1336008513 Kenya shillings in 2008 to 1667501217 shillings in 2009 and a slight decrease to 1392123935 in 2010 and a consistent increase to a peak of 2030365226 shilling in 2012. The findings imply that the profitability of firms increased across the years, most probably due to good market entry strategies.

Figure 4.5: Return on Asset



4.4 Inferential Statistics

In order to establish the statistical significance of the independent variables on the dependent variable (performance) regression analysis was employed. The regression equation took the following form.

$y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4 X_4 + \beta_5 X_5 + ẹ$

Y= Performance

X_1= Equity based Entry Strategies

X_2= Non Equity based Entry Strategies

X_3=Size of firm

X_4=Organizational Culture

X_5= International Experience

e=error term

In the model *a* is the constant term while the coefficient β_1 to β_5 are used to measure the sensitivity of the dependent variable (Y) to unit change in the explanatory variable (X_1, X_2, X_3, X_4, X_5). ε is the error term which captures the unexplained variations in the model.

Table 4.7 shows that the coefficient of determination also called the R square is 67.4%. This means that the combined effect of the predictor variables (non-equity based strategy, equity based strategy, size of firm, international experience and organizational culture) explains 67.4% of the variations in performance of manufacturing multinationals. The correlation coefficient of 82.1% indicates that the combined effect of the predictor variables have a strong and positive correlation with performance of multinational manufacturing firms.

Table 4.7: Regression Model Fitness

Indicator	Coefficient
R	0.821
R Square	0.674
Std. Error of the Estimate	1886062434

Analysis of variance (ANOVA) on Table 4.8 shows that the combine effect of non-equity based strategy, equity based strategy, size of firm, international experience and organizational culture was statistically significant in explaining changes in performance of manufacturing multinational firms. This is demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05. The results indicated that the overall model was significant, that is, the independent variables were good joint explanatory variables/determinants for performance (F=16.531, P value =0.000).

Table 4.8: Analysis of Variance (ANOVA)

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.9402E+20	5	5.88039E+19	16.531	0.000
Residual	1.42289E+20	40	3.55723E+18		
Total	4.36309E+20	45			

Regression results in Table 4.9 indicate that the relationship between profitability and size of firm, international experience and organizational culture is positive and significant while negative and significant with non-equity based strategy and equity based strategy.

Table 4. 1: Regression Coefficients

Variable	Beta	Std. Error	t	Sig.
Constant	-13794087831	2247305402	-6.138	0.000
Non-equity based	-4813059153	1245219060	-3.865	0.000
Equity based strategy	-3844066533	844697930.4	-4.551	0.000
Size of firm	7026736235	1378741405	5.096	0.000
International Experience	3879491581	1283886024	3.022	0.004
Organization Culture	1665171153	693650086.2	2.401	0.021

4.5 Discussion

The study sought to find out the non-equity based strategies that the companies use. Results indicated that 82.6% of the respondents agreed that their organization used licensing mode of international marketing strategy to venture into multinationals, 73.9% agreed that their organization used wholly owned subsidiaries mode of international marketing strategy to venture into multinationals and 80.4% agreed that their organization used exporting mode of international marketing strategy to venture into multinationals.

The respondents were asked to indicate the equity based strategy used in their organizations. Results revealed that 93.5% of the respondents agreed that their organization used Franchising mode of international marketing strategy to venture into multinationals, while 76.1% agreed that their organization used Joint Venture mode of international marketing strategy to venture into multinationals and 67.4%

agreed that their organization used direct Investment mode of international marketing strategy to venture into multinationals.

The findings also agree with those in Caves (1982) who identified four basic ways to expand internationally, from the lowest to the highest risk: exporting; licensing and franchising; strategic alliances; and wholly owned foreign subsidiaries. The findings also agree with those in Cateora and Graham (2002) who stated there are six basic strategies for entering a new market: export/import, licensing and franchising, joint venturing, consortia, partially-owned subsidiaries, and wholly-owned subsidiaries.

The findings concur with those in Tallman and Fladmoe-Lindquist (2002) who argued that joint ventures have also been noted as vehicles for learning since cooperation with a local partner provides the focal firm an opportunity to utilize the partner's local market knowledge and social and business ties. The findings also agree with those in Wilkinson and Nguyen, (2003) who asserted that non equity modes of market entry strategy do not involve ownership and include exporting or some form contractual agreements such as licensing or franchising.

The study sought to find out the influence of size of firm on the performance of manufacturing multinationals in Kenya. The study findings show that 73.8% of the respondents agreed that their organization believes that small boards have more favorable performance, 82.6% agreed that coordination and communication problems impede company performance when the number of directors increases and 73.6% of the respondents agreed that decision-making problems impede company performance when the number of directors increases. The mean score for responses in this section was 4.03 which indicate that majority of the respondents agreed that size of the firm was a key determinant of company performance of multinational manufacturing firms. The findings concur with those of White (2011) who suggested that larger retailers, with greater financial resources, are more likely to use acquisition as a mode of entry, whereas small retailers will evaluate the relative benefits of franchising, concessions, distributors and agents. The study findings further agree with those in (Caves, 2013; Erramilli and Rao, 1993; Kogut and Singh, 2012) who asserted that positive relationship between firm size and entry strategy is supported by the export literature which has found a strong association between firm size and high cost/high control entry strategies.

The study sought to find out the effect of international experience on the performance of manufacturing multinationals in Kenya. Results indicated that 71.7% of the respondents agreed that their organization had international experience hence improved performance and 71.8% agreed that their organization had resources available hence improved performance. The mean score for responses in this section was 3.85 which indicate that majority of the respondents agreed that international experience was a key determinant of company performance of multinational manufacturing firms. The findings are consistent with those of Anderson and Gatignon (2012) and Caves (2013) who argued that as firms gain more international experience the level of uncertainty regarding operating in foreign markets will reduce, which, in turn, increases the likelihood that such firms will use high cost/high control entry strategies. Correspondingly, those firms with less international experience are more likely to enter a foreign market through a joint venture as a means of sharing the risks and responsibility.

The study sought to establish the influence of organizational culture on the performance of manufacturing multinationals in Kenya. The study findings indicated that 78.2% of the respondents agreed that their organizational culture supports international business, 65.3% agreed that their company had deep understanding in the operational rule in our industry and 63% agreed that their company had sufficient recognition on change trends and establishment plans for quick response. The mean score for responses in this section was 3.93 which indicate that majority of the respondents agreed that organizational culture was a key determinant of company performance of multinational manufacturing firms. The findings agree with those in Dosoglu-Guner's (2013) and Deshpande et al. (2012) who asserted that classification of organizational cultures suggests a positive relationship between organizational culture and entry strategy. First a hierarchical culture emphasizes established procedures, rules and uniformity. Second, the clan culture stresses loyalty, tradition and commitment to the firm. Third, the market culture focuses on competitive actions and achievement. Fourth, an organization with an adhocracy culture is entrepreneurial, creative and flexible. In his study of organizational culture as an antecedent to the export intention of firms Dosoglu-Guner (2013) found that a clan culture decreases and an adhocracy culture increases a firm's probability of exporting to a foreign market.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter finalizes the study by proving the summary of key findings, conclusions and recommendations. The summary, conclusions and recommendations are aligned to the specific objectives of the study.

5.2 Summary

Chapter one discussed the problem statement and the objectives of the study. The study aimed to establish the influence of market entry strategies on performance of manufacturing multinationals in Kenya.

Chapter two discussed the literature review, that is, the theories backing the study. The empirical evidence of the study was also given.

Chapter three presented the research methodology

The chapter discussed the type of research design, population, and target population, sample, instruments to be used and data analysis.

Chapter four presented the findings.

The general objective of this study was to establish the influence of market entry strategies on performance of manufacturing multinationals in Kenya.

Study findings indicated that 60% of the respondents indicated the multinationals had been in operation in Kenya for over 10 years. A majority (70%) of the respondents indicated the firms as not listed 74% of the respondents indicated that the firms had over 150 employees while 26% indicated 51 to 150 employees.

Results indicated that manufacturing multinationals used various international market strategies to venture into business. These strategies include licensing, whole owned subsidiaries, joint venture, exporting, direct investment and franchising. Results further indicated that the firms used these market strategy entries to a large extent. Regression results indicated that all the market entry strategies had an influence on performance of the firm (ROA and equity and non-equity based strategies).

The study findings indicated that organizational characteristics (size of firm, international experience and organizational culture) were key determinants of performance of manufacturing multinational firms. This was demonstrated by the mean score of responses of the respondents and the regression results. Results indicated that the relationship between profitability and size of firm, international experience and organizational culture was positive and significant.

5.3 Conclusion

From the study, it was possible to conclude that manufacturing multinational firms used more than one market entry strategy to venture into business. This was probably to enhance the firm's performance. It was also possible to conclude that the firms used franchising and exporting to a very large extent and wholly owned subsidiaries, joint venture, licensing and direct investment to a large extent.

It was possible to conclude that the market entry strategy and organizational characteristics influenced the performance of multinational firms. It was possible to conclude that all market entry strategies had a negative and significant relationship with performance of firms and organizational characteristics (size of the firm, international experience and organizational culture) had positive and significant relationship with performance of firms.

5.4 Recommendations

Following the study conclusions, it is recommended that the multinationals firms to carry out research on the market entry strategies before venturing into international market. This is to ensure they use the appropriate entry strategy to enhance the organization performance.

The study also recommends that the management to evaluate the factors to consider when choosing an entry strategy thoroughly so as to make sure they know the market very well. It is also recommended that the management to evaluate the factors influencing the choice of market entry modes. This is to ensure that they choose the best mode.

5.5 Limitations of the Study

Several limitations were experienced in this study, for example resistance from respondents primarily because they were suspicious of the study intentions although they were assured of their anonymity and the findings were to be used purely for academic purposes. The accuracy of the results depended on the honesty of the respondents, though with the assurance given to officers it is the hope of the Researcher that honest responses were given.

5.6 Suggested Areas of Further Research

The study recommends that further investigation be done on the effect of market entry strategies in public and private organizations.

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APPENDICES

Appendix I Questionnaire

This questionnaire is concerned with assessing the influence of international market entry strategies on the performance of manufacturing multinationals in Kenya**.**

Section A: Firm Characteristics

TICK APPROPRIATELY

i. Length of period in operation in Kenya
   a) About 1 year
   b) 2 to 5 years
   c) 6 to 10 years
   d) Over 10 years

ii. Listing status
   a) Listed
   b) Non listed

iii Number of employees
   a) Less than 50 employees
   b) 51 to 150 employees
   c) Over 150 employees

iv What type of culture does your firm follow
   a) hierarchical culture
   b) clan culture
   c) market culture
   d) adhocracy culture

Section B: Market Entry Strategy used by manufacturing MNCs.

Rate the following statements using a likert scale given below to show your agreement or disagreement with the statement.

Strongly Agree=5, Agree=4, Neither Agree nor Disagree=3, Disagree=2, Strongly disagree=1

Statement	Strongly disagree	Disagree	Neither agree not disagree	Agree	Strongly agree
	1	2	3	4	5
Non-equity based strategy					
My organization used licensing mode of international marketing strategy to venture into multinationals,					
My organization used wholly owned subsidiaries mode of international marketing strategy to venture into multinationals.					
My organization used exporting mode of international marketing strategy to venture into multinationals.					
Equity based strategy					
My organization used Franchising mode of international marketing strategy to venture into multinationals.					
My organization used Joint Venture mode of international marketing strategy to venture into multinationals.					
My organization used direct Investment mode of international marketing strategy to venture into multinationals.					

Section C: Organizational Characteristics and Firm Performance

Rate the following statements using a likert scale given below to show your agreement or disagreement with the statement.

Strongly Agree=5, Agree=4, Neither Agree nor Disagree=3, Disagree=2, Strongly disagree=1

Statement	Strongly disagree	Disagree	Neither agree not disagree	Agree	Strongly agree
	1	2	3	4	5
Size of firm					
My organization believes that small boards have more favorable performance					
Coordination and communication problems impede company performance when the number of directors increases					
Decision-making problems impede company performance when the number of directors increases					
International Experience					
My organization has international experience hence improved performance					
My organization has resources available hence improved performance					
Organization Culture					
My organizational culture supports international business					
Our company has deep understanding in the operational rule in our industry					
Our company has sufficient recognition on change trends and establishment plans for quick response					

Indicate your level of performance for the following years.

Statement	Market Share	ROE	ROA
2008			
2009			
2010			
2011			
2012			

Appendix II List of Manufacturing Firms

Serial No.	Name of Company	Serial No.	Name of Company
A	**BUILDING, CONSTRUCTION & MINING**	31	British American Tobacco Kenya Ltd
1	Athi River Mining Ltd	32	Brookside Dairy Ltd
2	Bamburi Cement Ltd	33	Coca Cola East Africa Ltd
3	East Africa Portland Cement Co. Ltd	34	Cadbury Kenya Ltd
B	**CHEMICAL & ALLIED**	35	Eastern Produce (K) Ltd.(Kakuzi Ltd).
4	Bayer East Africa Ltd	36	East African Breweries Ltd
5	BOC Kenya Ltd	37	Eastern Produce Kenya Ltd (+ Kakuzi Ltd)
6	Chemicals and Solvents (E.A) Ltd	38	London Distillers Co. Ltd.
7	Colgate Palmolive (E.A.) Ltd	39	Jambo Biscuits (k) Ltd
8	Crown Berger Kenya Ltd	40	Kapa Oil Refineries Ltd
9	Cooper K-Brands Ltd	41	Kenchic Ltd
10	Osho chemicals industries ltd	42	Corn Products Kenya Ltd.
11	Crown Paints Co. Ltd.	43	Kenya Tea Development Agency
12	Vitafoam Co. Ltd.	44	Kenya Wine Agencies Ltd
13	Orbit Chemicals Ltd.	45	Koba Waters Ltd
14	Inter-Consumer Products Ltd.	46	Manji Food Industries Ltd
15	Johnson Diversey East Africa ltd	47	Mastermind Tobacco (k) Ltd
C	**ENERGY, ELECTRICAL AND ELECTRONICS**	48	Nairobi Bottlers Ltd
16	PCTL Co. Ltd.	49	Nairobi Flour Mills Ltd
17	East African Cables Ltd	**E**	**LEATHER & FOOTWEAR**
18	Optimum Lubricants Ltd.	50	Bata Shoe Co. (K) Ltd
19	Holman Brothers (E.A) Ltd.	51	East Africa Tanners (k) Ltd
20	Kenya Shell Ltd	**F**	**METAL & ALLIED**
21	Oilibya (K) Ltd.	52	Reliable Engineering Co. Ltd.
22	Manufactures & Suppliers (k) Ltd	53	East African Foundry Works

			(k) Ltd
D	**FOOD & BEVERAGE**	54	Kens Metal Industries Ltd.
23	Patco Industries Ltd	55	Friendship Container Manufacturers Ltd
24	Nestle Foods Kenya Ltd	56	General Motors East Africa Ltd
25	Proctor & Allan (E.A) Ltd.	57	Impala Glass Industries Ltd
26	Unga Group Ltd	58	Mabati Rolling Mills Ltd
27	Pembe Flour Mills Ltd	59	Nails & Steel Products Ltd
28	Aquamist Ltd	60	Orbit Engineering Ltd
29	Premier Flour Mills Co. Ltd	61	Steel makers Ltd
30	Eldoret Grains Ltd.	62	Steelwool (Africa) Ltd
G	**MOTOR VEHICLE & ACCESSORIES**	90	Kingsway Tyres & Automart Ltd
63	Associated Battery Manufacturers (E.A) Ltd	91	Plastics & Rubber Industries Ltd
64	Pipe Manufacturers Ltd	92	Packaging Industries Ltd.
65	Auto Spring Manufacturers Ltd	93	King Plastic Industries Ltd
66	Toyota East Africa Ltd	93	Kenpoly Manufacturers Ltd
H	**PAPER & BOARD**	95	Kentainers Ltd
67	Carton Manufacturers Ltd	**K**	**TEXTILES & APPARELS**
68	East Africa Packaging Industries Ltd	96	Ken-Knit (Kenya) Ltd
69	Cartubox Industires (E.A) Ltd	97	Africa Apparels EPZ LTD
70	Colour Print Ltd	98	Alltex EPZ Ltd
71	United Bag Manufacturers Ltd	99	Spin Knit Limited
72	Kartasi Industries Ltd	100	Thika Cloth Mills Ltd
73	Nation Media Group Ltd.	101	Midco Textiles (EA) Ltd
74	The Standard Ltd.	102	Riziki Manufacturers Ltd
75	Tetra Pak Ltd	103	Le-Stud Ltd
76	Modern Lithographic Co. Ltd.	104	Straightline Enterprises Ltd
77	Printpak Multi Packaging Ltd.	105	Spinners & Spinners Ltd.
78	Bag and Envelop Converters Ltd.	**L**	**TIMBER, WOOD & FURNITURE**
79	Bags and Bailers Manufactures (K) Ltd.	106	Economic Housing Group Ltd

I	**PHARMACEUTICALS & MEDICAL EQUIPMENT**	107	Furniture International Ltd
80	Beta Healthcare International Ltd	108	Timsales Ltd.
81	Cosmos Ltd		
82	Glaxo Smithkline Kenya Ltd		
83	Pharmaceutical Manufacturing Co. (k) Ltd		
J	**PLASTIC & RUBBER**		
84	Polythene Industries Ltd		
85	Sameer Africa Ltd		
86	General Plastics Ltd		
87	Haco Industries Kenya Ltd		
88	Nairobi Plastics Ltd		

Appendix III Population Stratification According to Sector

Sector	**Number**
Building, Construction & Mining	3
Chemical & Allied	12
Energy, Electrical And Electronics	7
Food & Beverage	8
Motor Vehicle & Accessories	4
Paper & Board	13
Pharmaceuticals & Medical Equipment	4
Plastic & Rubber	24
Leather & Footwear	2
Metal & Allied	18
Textiles & Apparels	10
Timber, Wood & Furniture	3
Total	108