STRATEGIC ALLIANCES IN FOREIGN MARKET ENTRY BY COMMERCIAL BANKS IN KENYA

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

NOVEMBER, 2016

DECLARATION

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

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

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ACKNOWLEDGEMENT

It is my pleasure to express appreciation to people who have contributed in making this research project a success. First is to acknowledge the Almighty God who bestowed the ability to seek knowledge and find wisdom. He has transformed me through the continuous renewal of the mind.

I recognise the input, effort and commitment of time by the University Supervisor DR. J. Yabs and for this I express much gratitude. Also deeply appreciated is his mentorship and scholarly counsel since inception. I value the patience, wisdom and positive criticism.

The School of Business, University of Nairobi has also moulded me in diverse ways to bring out my best side and for this I am grateful. I also appreciate the leadership of the wider the University of Nairobi for facilitating an environment conducive for memorable learning experiences.

I am forever indebted to Victor Makau, without whose forbearing direction, understanding, and love the ride would have been bumpy from the beginning. He kept up the much appreciated pressure and support towards the timely conclusion of the project thus sustaining my consistent focus. I am also grateful that he played out the role of principal helper effectively and with distinction.

To my beloved friends including those who made this work a success I say, Thank You.

DEDICATION

This research project is dedicated to my family for daring to dream big in envisioning and implementing a beautiful strategic plan of my life founded on strong Christian faith. This is in addition to their ever green love and support. Your prayers, encouragement and guidance are priceless.

ABSTRACT

Commercial banks are forced to form strategic alliances while entering foreign markets, or for that matter to continue servicing its current markets. In Kenya, the banking sector is a cut-throat business arena, with over 44 players among them are multinationals all scrambling for a slice of the market share. Ten of the 44 commercial banks in Kenya have operations in the foreign markets. The 10 banks account for a significant size of the Kenyan banking industry in terms of a composite market share index of net assets, total deposits, shareholders' funds, number of loan accounts and number of deposit accounts. The research stream on strategic alliances in foreign market entry by commercial banks in Kenya is relatively novel and still under vivid scholarly debate. Ambiguity, vagueness of constructs, conflicting views, and lack of empirical data are still predominant and represent challenges to explaining successful strategic alliances in foreign market entry by Kenyan commercial banks to the rest of Sub-Saharan Africa. Against this backdrop, the study sought to establish the strategic alliances in foreign market entry by Kenyan commercial banks in Kenya. This study employed a descriptive and cross sectional research design. The target population in the study was the Kenyan commercial banks with foreign market operations. Primary data was collected using a quantitative approach. The research instrument was divided into two major sections, requiring responses to various dimensions based on the Likert type scale for purposes of enabling easy rating /ranking of answers, coding and data analysis; and a closing open ended section. The respondents were either of the two (2) business unit heads designated as CEOs or Senior Managers, general managers and functional heads from each of the banks who are responsible for day – to day operations of the strategic alliances and foreign market entry of the banks. The data collected was purely quantitative and it will be was analyzed by descriptive analysis. The descriptive statistical tools such as Statistical Package for Social Sciences (SPSS) and MS Excel helped the researcher to describe the data and determine the extent used. Data analysis used frequencies, percentages, means and other central tendencies. The Likert scales were used to analyze the mean score and standard deviation. The findings were presented using tables and charts. The study concludes that strategic alliances have become prevalent in order to strengthen the market positions and improve on performance of Kenyan banks in foreign markets. There has been a moderate level of adoption of strategic alliances in foreign market entry by Kenyan commercial banks. Accordingly, strategic alignment, partner matching and value creation affect the foreign market entry by commercial banks in Kenya to great extents, while coordination and appreciation affects the foreign market entry by commercial banks in Kenya to a moderate extent. Kenyan commercial banks should always strive to ensure that they increase the number of strategic alliances. Kenyan commercial banks should carry out research on prospective foreign markets to inform the choice of strategic alliances for foreign market entry. This is to ensure they use the appropriate entry strategy to enhance the organization performance.

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LIST OF ABBREVIATIONS

ATM	Automated Teller Machine
CBA	Commercial Bank of Africa
CBD	Central Business District
CBK	Central Bank of Kenya
CFS	Critical Success Factors
EAC	East African Community
KBA	Kenya Bankers Association
KCB	Kenya Commercial Bank
NBK	National Bank of Kenya
NIC	National Industrial Credit
RBV	Resource Based View
SMEs	Small and Medium Enterprises
SPSS	Statistical Packages for Social Sciences
USA	United States of America

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In the long run, all organizations aspire to attain successful and sustainable market positions as their objective in the current unpredictable, vibrant economic conditions. To achieve this long term goal modern organizations are molded to improve proficiency and efficacy through differentiation, internationalization, and engaging in optimal transactions in the market they operate in (Mulatya, 2012). According to Yip and Hult (2012), expanding to global markets is indispensable to realize progression, whereas others venture into worldwide markets owing to the substantial research and development (R&D), initial budgets and inadequate market prospective in the host countries. The influences to the arena of strategic alliances concentrate either on a detailed scrutiny of a selected squeaky subject or lifting sweeping statements of more general scale (Arino, 2003).

From a theoretical perspective, Upsalla Model theorizes that the foreign market entry by firms ought to be interpreted as an incremental erudition course (Hollenstein, 2005). Global extension is subdued by the shortage of acquaintance about markets and such familiarity can primarily be attained through know-how from hands-on tasks overseas. The Upper Echelons Theory also put forward that top manager' human borders or limitations including constrained vision, discriminating view and analysis bias manipulate the tactical choices made by top-level managers (Carpenter, Geletkanycz and Sanders, 2004). According to Theory of Competitive Advantage postulated by Michael Porter, competitive forces shape the strategy that an organization adopts. The nature and extent of competition in a sector or market center on five market forces including the threat of entry of new actors, suppliers' bargaining power, the threat of alternative commodity or services and market competition. An organization must understand how these competitive forces interplay in the industry and how they affect the company in order to establish a strategy that ensures steady growth into international markets despite the outstanding circumstances.

Often, commercial banks are coerced to make tactical partnerships as they enters foreign markets, or to carry on retuning their existing markets (Ray, 2013). This occurs because of meagerness associated to various assets essential for prosperous markets and profitability from it. In Kenya, the banking sector is a cut-throat business ground, with over 44 banking institutions which include international banks all clambering for a portion of the market share in the Kenyan commercial banking industry (Kilimo, 2014). While the banking business in Kenya has experienced comprehensive advancement in revenue, credits and returns in the preceding 10 years, there is increasing taut competition in the sector. This has compelled all the players to expedient different tactics in order to generate and uphold a competitive advantage (Asira, 2013).

1.1.1 Concept of Strategy

The word "strategy" is used in the management discipline to refer to application of inherent powers against a rival to triumph warfare. This idea is currently espoused even in the business. This meaning shows that the understanding or skills of the organization is a strategy. Strategy is about being able and equipped to adjust to an ever-fluctuating business situation (Maylor, 2003). Strategy serves as some type of a guidepost for an organization's continuing expansion. Strategy offers a direction for the organization and depicts what the company must do to continue to exist, expand and keep making profits.

To Ray (2013) strategy encompasses the way administration purpose to nurture the business, the way of building a trustworthy customer segment and out-do its competitor, and the manner each unit/department of the company will add to the average or aggregate amount total and the way of boosting and sustaining performance. Neale (2004) also supported the idea that a plan is the prospect concerned with and characterized by insecurity and jeopardy. A strategy requires the business firms to do peculiar things to realize superiority over their rivals in the future. This certainly demands for organizational change in many aspects of the firms' processes and procedures. Therefore, a prosperous strategy is realized through a collaborative effort by numerous units of the organization.

The creation and enforcement of a new tactic is an indication that a firm seeks to do types of changes in its functions. The change might differ considerably depending on the degree to which it is a different from the present condition of operations. Therefore, strategy developers must recognize how much they are demanding from the firm and its stakeholders because such requests carry significant repercussions throughout the strategic management process. To guarantee that a picked methodology is successful and additionally effective, one should know about the related strategic and operational issues, challenges and opportunities that emerge at different phases of the implementation and execution process and additionally should be sufficiently adaptable to adjust to changes to contend in the market (Cole, 2004).

1.1.2 Foreign Market Entry

A global market entry plan is characterized as the planning and execution of supplying merchandise or services to another objective worldwide market. It frequently requires setting up and encourage overseeing contracts in another foreign nation. Yip & Hult (2012) claims that there exist a considerable measure of proof that illustrates that firms which embrace a global strategy to internationalize can become competitive and reap monetary benefits from it. This means a corporation could work by means of foreign market entry as an instrument so as to both develop and to be more effective if the organization takes the right choices. The decision of market entry is affected by three angles (Sharma and Erramilli, 2004). Newer market entry is a route for a company to expand its business.

Lee and Lieberman (2009) contends for the significance for an organization to utilizing existing assets and additionally filling resource gaps, and that may be a reason behind venturing into new foreign markets. An expansion could be that a company needs to infiltrate a product market, which has been inaccessible beforehand for the company because they have not been working with that type of goods previously. There is a considerable measure of proof that indicates that firms that embrace a global strategy to internationalize can augment competitive and money related benefits from it. This means a company could work with foreign market entry as an instrument in order to both grow and to be more prosperous, if the firm makes the right decisions.

1.1.3 Strategic Alliances

Partnerships are characterized as institutional courses of action, which consolidate assets and administration types of a few collaborating associations, making them mutually reliant (Inkpen, 2001). In that capacity, key organization together is an agreement between at least two organizations in which they both contribute abilities, assets or skills to a joint undertaking, normally with its very own character, with every firm surrendering general control as an end-result of the possibility to partake in and advantage from the joint wander relationship. The development of strategic unions is characterized as intentional between firm co-agent courses of action (Das and Teng, 2001). Entering key partnerships is to give: access to assets, access to new markets, access to innovation, access to capital, and access to worldwide and shut markets (Ireland, Hitt & Vaidyanath, 2002; Rothkegel, Erakovic & Shepherd, 2006).

Strategic partnerships are amongst the several preferences that organizations can practice to accomplish their long-term objectives; they are dependent on collaboration between organizations. According to Wheelan and Hungar (2000), a tactical partnership is an agreement that organizations enter to set up collaborative alliances that surpass normal company-to-company relationships, but does not qualify to be a real merger. They offer a chance for organizations to join forces thus overpowering singular detriments (Somers, 2005). Smith & Smith (2003) viewed that tactical partnerships are wide ranging rapports and can include cooperative investments, franchises, cooperative research and development, combined marketing investments, long-term supply strategies, and outsourcing relations. The effectiveness of strategic partnerships can be measured based on development and lucrativeness nationally and globally.

Ritala (2012) gives the scope of strategic alliances by distinguishing longer-term more generous joint effort from more casual collaborative courses of action between firms, in which case the term strategic alliances has been utilized to allude to agreements described by the dedication of at least two firms to achieve a shared objective involving the pooling of their assets and activities. Strategic collusions are frequently framed to create products, which would succeed industrially on condition that they were embraced as industry benchmarks, what as a result can likewise clarify horizontal partnerships among contenders, joining their powers to enter yet unfamiliar, high risk zones (Smith and Smith, 2003). Like never before, a number of the abilities, abilities, and assets that are basic to a company's present and future success are to be found outside the company's limits and outside the administration's direct control.

1.1.4 Strategic Alliances and Foreign Market Entry

As the advancement of rapidly shifting and progressively intricate worldwide market, for example, varying preferences of shoppers, improvements in assembling, communication and data innovations, and changing competitive terms, organizations are experiencing the challenges in their global extension because of hindrances of foreignness, newness and diminutiveness (Lu & Beamish, 2006; Bell, Crick & Young, 2004). Henceforth, commercial banks must create and improve their capacity rapidly because of globalisation.

Strategic partnerships play a critical and strategic function in a developing organization. Entering tactical unions is to give: access to assets, access to fresh markets, access to innovation, access to capital, and access to worldwide and shut markets (Rothkegel, Erakovic & Shepherd, 2006; Ireland, Hitt & Vaidyanath, 2002). The utilization of authoritative understandings speaks to a conceivable entry form, and Nielsen (2003) claims that organizations frequently establish unions because of the numerous potential advantages for the organizations involved, or as an approach to make up for an absence of assets or information. "Firms have various inside assets that might grant the organization a competitive advantage, however a scope of well-picked and well-created connections may likewise fortify the competitive edge.

1.1.5 Commercial Banks in Kenya

In Kenya, the Banking Act, Cap 488, regulates banking business. The Banking (Amendment) Act, 1985 tried to correct these flaws, licensing was hence to be directed via the Central Bank of Kenya and requires approval by the minister. The Kenya Bankers Association (KBA) has brought together all commercial banks offering financial services in Kenya, to act as a lobby for interests charged by the banks and deals with problems facing its associates (Central Bank of Kenya, 2015). According to the CBK annual report (2015), banks are yet supposed to discover new opportunities nationally and transitionally to uphold development momentum.

The business has in the course of recent years appreciated exponential development in deposits, resources, profitability and product offering, essentially credited to computerization of services and branch networks both nationally and beyond borders (CBK, 2015). The development has caused expanding rivalry among players and new participants into the banking industry. In wake of aggressive rivalry, banks are presently concentrating on the different client needs and concentrating on new markets as opposed to conventional banking items, for example, over the counter savings and withdrawals (CBK, 2015). This coupled with strategic alliances has enhanced their growth rise of competition as they aspire to enter and concur foreign markets.

According to CBK annual report (2015) there are 44 commercial banks in Kenya, 31 of which are owned by indigenous Kenyans while the rest are foreign owned. Onje and Oloko (2016) state that some of the major strategic alliance adopted by most commercial banks in Kenya includes licensing agreement with telecommunications companies to enable clients to make payments directly into any bank accounts using the mobile money transfer platform.

1.1.6 Kenyan Banks with Foreign Market Operations

According to CBK (2015) ten of the 44 commercial banks in Kenya have operations in the foreign markets. These banks include Barclays Bank of Kenya (BBK), CfC Stanbic Bank (now Stanbic Bank), Commercial Bank of Africa (CBA), Co-Operative Bank of Kenya (Co-op Bank), Ecobank, Equity Bank, Kenya Commercial Bank (KCB), National Bank of Kenya (NBK), National Industrial Credit (NIC) and Standard Chartered Bank (SCB). These banks have created fully-governed services in the regional international markets. Such markets are Rwanda, Tanzania, Uganda, Burundi and Southern Sudan.

The 10 banks add to a considerable amount of the Kenyan banking sector with regard to a compound market share index of net resources, aggregate deposits, shareholders‟ money, amount of loan accounts and quantity of deposit accounts (CBK, 2015). Such markets are Uganda, Tanzania, Rwanda, Burundi and Southern Sudan. These commercial banks operate within the national economies of various countries. The Kenyan banks in the area have embraced a market growth model incorporating the establishment of branches at country level with the effort to create area connections between their customers and their actions. This study sought to investigate the strategic alliances adopted by these banks in foreign market entry.

1.2 Research Problem

According to Yip and Hult (2012), the attraction of international markets can be enthralling and firms that maneuver in highly competitive markets at home are drawn to look abroad for enlargement in foreign markets. According to Lee and Lieberman (2009), the banking sector has been going through significant partnerships in the last few years, with several world players surfacing through consecutive alliances. Competition is relatively regarded a positive vigour in many sectors; it is supposed to have a positive influence on the sector's effectiveness, excellence of provision, technology and global competitiveness. Inspiration of the organization to break through into strategic partnerships and to embrace inventive strategies is visible through the tactical alignment of the organization. Organisations select plans to hoist their competitive positions and to become powerful over one or several rivals (Lovstal, 2011).

Banking services are indispensable services and the primary drivers of the worldwide tradability of merchandise and services, and in addition the methods for offshoring an extensive variety of financial services (Kithinji & Waweru, 2007). They are key drivers of advancement process, by connecting up investors with moneylenders. Not just does the banking sector guarantee intermediation, it additionally encourages trades in the products and enterprises market. The sector has been one of the quickest developing in the East

African region as well as in Africa. Somewhere around 2004 and 2015 the aggregate resources in the industry increased from Ksh.456.7 billion to Ksh.2.35 trillion, total deposits increased from Ksh 360.6 billion to Ksh 1.76 trillion and net advances expanded from Ksh 222.8 billion to Ksh 1.27 trillion. In a similar time the quantity of bank balances expanded from 1.9 million accounts to 17.6 million with deposit savings developed and covers completely more than 94% of the aggregate deposit accounts (CBK, 2015). As per CBK (2015), ten Kenyan banks have set up branches in East African Community (EAC) nations and South Sudan. Kenyan banks have satellites with 223 branches working in the region. Like some other technique, strategic cooperations in foreign market entry additionally should be superbly created to guarantee prosperity in its selection however little has been composed on it (Moen, Bakås, Bolstad & Pedersen, 2010; Mulatya, 2012; Ray, 2013; Asira, 2013).

Moen, *et. al.,* (2010) investigated worldwide market development strategies for advanced technology firms: partnership choice criteria for establishing strategic partnerships. In view of contextual investigations of three Norwegian firms focusing on the UK market, five selection criteria have been recognized as critical (trust, relatedness of business, access to systems, access to market learning, reputation), one has been distinguished as incompletely imperative (sharing of financial risk), and ten have been distinguished as having limited significance. Ray (2013) did a multiple contextual analysis on Strategic Alliance in India under Globalized Economic Scenario utilizing a numerous contextual investigation and found those organizations' procedures to produce and support their competitive advantages in vibrant market environments. Asira (2013) inquired about the internationalization of indigenous Kenya's commercial banks inside East Africa. Kilimo

(2014) researched the impact of strategic alliances together on financial output of commercial banks in Kenya.

The research stream on strategic alliances in foreign market entry by commercial banks in Kenya is moderately novel and still under vibrant scholarly deliberation. Uncertainty, vagueness of constructs, contradictory perceptions, and inadequate empirical data are still largest and symbolize issues to explicating successful strategic alliances in foreign market entry by Kenyan commercial banks to the rest of Sub-Saharan Africa. Against this backdrop, this study diverged from past studies by seeking to investigate the strategic alliances in foreign market entry by Kenyan commercial banks. The study wanted to respond to the following study problem; what are the strategic alliances applied by commercial banks in Kenya to venture into the foreign markets?

1.3 Research Objective

The goal of this research was to establish the strategic alliances in foreign market entry by Kenyan commercial banks in Kenya

1.4 Research Question

This research strived to respond to the following study question:

What are the strategic alliances applied by commercial banks in Kenya to venture into the foreign markets.

1.5 Value of the Study

The results of the study would act as a guide to policy makers in analyzing the strategic alliances in foreign market entry by commercial banks in Kenya and in analyzing ways in which banks can make best use of strategic alliances in order to improve their overall performance. The study would also be important in giving insight on strategic alliances in foreign market entry by commercial banks in Kenya and would help those set policies that would ensure that their ownership structures create value for their institutions.

The findings of this study would also help managers of the ten commercial banks as well as managers of other financial institutions which would help them improve their strategic alliances in foreign market entry. The inspection of the total performance of the banking industry is critical to practitioners in the commercial banking industry as well as potential investors as banks are the efficient implementers of the monetary policy of the government. It also shows the different owners the importance of their monitoring capability on the foreign market performance of their commercial banks.

This study would be important as it will contribute greatly to the limited number of studies on the subject. Considering that there is minimal work on strategic alliances in commercial banks, this research will contribute to the general pool of knowledge and form a basis for further research to academicians. This study therefore is an important empirical reference for the literature in the area of strategic alliances.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter delves into the literature on the application of strategic alliances in foreign market entry by Kenyan commercial banks. The ultimate aim of this review is establishing a research gap. The chapter also reviews research done by other scholars touching on the area of application of strategic alliances in foreign market entry. The sections covered in this chapter include theoretical review, application of strategic alliances in foreign market entry, empirical studies and summary of empirical studies and knowledge gaps.

2.2 Theoretical Review

This section discusses the theories on which this study will be anchored. Scholars when performing research studies to form a base for the parameters, or limits, of a study, use theories. This research is founded on Uppsala Model, The Upper Echelons Theory and Michael Porter's theory of the Competitive Advantage.

2.2.1 The Upper Echelons Theory

The Upper Echelons Theory recommends that top administrators' human limits or restrictions, for example, constrained vision, specific perception and elucidation predisposition impact the strategic decisions that managers make. Subsequently under high environmental unpredictability, (for example, internationalizing) organizational decisions and conduct are unequivocally affected by the background attributes and past encounters of managers. The upper echelons theory, the global backgrounds and experiences of top administration can be required to affect an organization's decision-making relating to foreign market entry plans and finally on a company's execution. Their perceptions can be a problem to the internationalization process.

Yabs (2006) talks of the theory on the need to export or import goods or services. This is brought about by the personal characteristics of decision makers wanting to take advantage of prevailing opportunities in a particular country. According to him, this is typical of businessmen who have confidence and competence to venture into international business. The need to import and export is also brought about by company objectives and the availability of resources in other areas. Other firms have moved into international business because of availability of export facilities and government support. The theory concentrates on an association's conduct from an administrative, as opposed to a marketing approach, clarifying that organizations are required to look for collaborative strategies if they think they trust those will enhance their capacity to meet strategic targets, particularly in amplifying benefits or in ensuring or extending piece of the overall industry (market share) (Coopers & Lybrand, 2007).

2.2.2 Theory of the Competitive Advantage

Michael Porter's supposition of the competitive advantage of states offers a multifaceted tool for investigating competitiveness with all of its effects. Porter's theory contributes to knowledge of the competitive advantage of countries in global commerce and production. Its theme, yet, centers upon individual ventures, or bunches of enterprises, within which the principles of competitive advantage are applied. His conjecture begins from individual enterprises and grows to the economy in general. Because manufacturers, not nations compete in international markets, comprehending how organizations make and achieve competitive advantage is the approach to explaining what function the nation plays in the process. Accordingly, the substance of his linkage is that the local country influences the capability of its organizations to prevail specific sectors.

A deficiency in one or more strategic resources is viewed as the main impetus for joint effort and a method for lessening unpredictability and managing this reliance. Stood up to the expensive circumstance of this nature, administration effectively guides the association to deal with the outer reliance further bolstering its good fortune. Given this relationship, it gives the idea that so as to make determinations on the intensity of the particular business, the idea of the varied factors of the competitive edge of the whole nation is required. This thus brings about higher expenses of sorting out trade through market than arranging trade internally.

2.3 Strategic Alliances

Progressively, strategic partnerships and industry alliances are turning out to be more imperative to achievement in every monetary part. For example partnerships with clients give organizations significant frameworks and application know how and access to business sectors for key items, while permitting its clients to share a portion of the risks of item improvement and to access the organization's procedure innovations and assembling foundation. Partnerships can include participation among firms and different associations, especially universities (Mowery and Sampat 2005). As indicated by Weidinger and Platts (2012) many organizations now get themselves push into two exceptionally competitive contests: the worldwide race to fabricate a market nearness in a wide range of national markets and join the positions of organizations perceived as worldwide market pioneers, and the race to seize openings on the outskirts of propelling innovation and assemble the asset qualities and business abilities to contend effectively in the enterprises and item markets without bounds.

Indeed, even the biggest and most monetarily stable organizations have presumed that all the while running the races for worldwide market administration and for a stake in the enterprises without bounds requires more different and far reaching aptitudes, assets, mechanical ability and focused capacities than they can collect and oversee alone. The most widely recognized reasons why organizations go into key unions are to team up on innovation or the advancement of promising new items, to conquer shortages in their specialized and assembling ability, to secure new skills, to enhance inventory network effectiveness, to pick up economies of scale underway or advertising and to get or enhance market access through joint market undertakings (Weidinger and Platts, 2012; Venkatraman and Ramanujam, 2001).

2.4 Strategic Alliances in Foreign Market Entry

Strategic partnerships are established for an assortment of reasons, such as entering new markets, diminishing manufacturing expenses, and creating and diffusing new innovations quickly. In this time of cutting edge innovation and worldwide markets, implementing systems rapidly is basic. Establishing collusions is frequently the quickest, best technique for accomplishing goals. Hanson et al. (2005) trust that key union is essential in the union of enterprises and is an organization between firms where company's assets, abilities, and core skills are consolidated to seek after common enthusiasm to create, make, or appropriate merchandise or services.

The basic factors persuading efficacy of strategic alliances that have been recognized in the strategic alliance literature are partner matching and strategic orientation of the partnering firm. According to Zaman and Movando (2001), venturing into a foreign country through corssboarder strategic alliances has several advantages compared to entering through a wholly owned subsidiary.

2.4.1 Partner Matching

Selecting a fitting partner and organizing the principles of partnership are the most thorough process in the development of a collusion. Finding the right alliance requires watchful screening and can be a tedious procedure. A fruitful partnership requires the joining of two capable firms, looking for a comparable objective and both expectation on its prosperity. The lack of caution of the conduct of alliances and the possible expenses to a firm connected with the artful conduct by an alliance produces moral peril concerns which firms going into strategic partnerships may need to go up against with. Such organizations are dealt with as unsafe (Doz, & Prahlad, 1989) in spite of the fact that the quick developments of both local and global partnerships in numerous industrial sectors have occurred. Opportunism incorporates stealing of innovations or market. Indeed, there are four protections against opportunism by collusion partners.

Organisations likewise require data on the dependability of those partners, particularly when achievement depends vigorously upon the accomplices' conduct (Gulati, 2001). Therefore, Partner matching welcome the formation of collusions in which the picked partners are practically equivalent in administration style and organization culture. Concerns, for example, area commonness and objective similarity have been found to improve the adequacy of partnerships (Zaman and Movando, 2001). Continuous associations might be influenced because of fast change in the environment that may incline association to adjust their need and alignment.

2.4.2 Strategic Alignment

Inspiration of the firm to enter into strategic partnerships cooperations and to embrace imaginative procedures is showed through the key introduction of a firm. Firms pick strategies to get their aggressive positions and to pick up leeway more than at least one competitor. Strategic alliances are shaped in light of systems of how to oversee natural instabilities, how to beat lack of resources and, specifically, how to deal with the association's scope of inter-organizational relations. Existing evidence has put stress on dedication, joint effort, communication, trust, and strife resolution as the critical properties of partnership relations (Zaman and Movando, 2001). Trust is exceptionally significant in formation of alliances that it is dealt with as the "cornerstone of the strategic partnership success". The ramifications of trust in emergent long haul organizational connections have been perceived in the organization together writing. Trust between firms alludes to the certainty that a partner won't misuse the vulnerabilities of the other.

There are well-constructed psychological and passionate bases for such trust, which are most perceptible among individual firms. Communication between alliances is huge for making a fruitful tactical relationship. Communication empowers the associates to understand the union objectives, parts and obligations of the considerable number of on-screen characters. It likewise assists with the sharing and disseminating of individual encounters (Zaman & Movando, 2001). Commitment shows a future alignment in which partners endeavor to form a relationship that can last out unforeseen issues. Then again a very synergistic relationship gives the adaptability and versatility required to conquer vulnerabilities, resolve clashes and accomplish commonly helpful results. Conflict frequently subsists in between inter-organizational relations attributable to the inborn interdependencies between associates. Firms in tactical partnerships together are compelled to take part in joint critical thinking since they are connected together to deal with a situation that was more speculative and unsteady than every one could control. Functional clash would enhance a partnership's execution while broken conflict inside the partnership would affect the viability of organization partnership performance.

2.4.3 Value Creation

Creating value involves making "sense" or esteem to team up. Doz & Hamel (1998) expound by distinguishing three sorts of "logic of alliance value creation" for organizations. It could be to co-select colluding companies (networking) keeping in mind the end goal to create minimum amount by pooling consolidated client bases and to establish the essential supporting resources and abilities of all players of the system taken together, in this way abusing the opportunities brought about by globalisation, and at last, each competing for a "nodal position" later on in the system of relationship that the organisation has assembled. The third goal could be to learn and disguise new or inadequate abilities and innovations from the partner, thereby constructing new skills required for future business.

Many writers have said that organisations are progressively falling back on CBAs to escape from issues connected with securing and mergers, for example, high cost and problems of holding local skills, especially for SMEs of developed nations and with inner improvement, for example, long span required for building abilities inside and indigenously by firms of developing countries (Jagersma, 2005). Strategic fit happens when partners appreciate the expertise each conveys to the union (Bierly III & Gallagher, 2007). Partnerships will probably be shaped when both firms are in susceptible strategic positions (i.e., needing resources) or when they are in solid social positions (i.e., have profitable assets to share). Strategic fit partnerships for IMEs happens when both companies in a partnership are in vulnerable key positions (i.e., needing assets), looking for reciprocal or comparable assets for transferring or pooling (Ahuja, 2000).

2.4.4 Coordination and Appreciation

A few existing literature has demonstrated that the determination of a specific associate greatly affects the performance of CBA as it decides the degree of ability and assets accessible to the partnership to achieve its targets. Ahuja (2000) noted that if a partner organization has a higher level of specialized or business capital, its engaging quality as a likely partner rises. Obviously, any accomplice that has fundamental assets fits the reason for collusions for media transmission firms. The general bargaining ability of partners can decrease the company's share of shared benefits in respect to its portion in joint ventures. Bargaining power relies on upon two variables of association, i.e. share of the entities engaged in the relation and the accessibility of options.

Therefore the accessibility of partner's assets in a partnership is directed by bargaining power. A dependable partner creates trust and thus builds viability of partnerships as it lessens cost of administration or protect mechanisms of stopping opportunistic practices of partnerships and opens conceivable avenues for more up to date transactions that may not be conceivable with governance. Trust-capacity of a dependable firm is expanded with social features of the relationship, for example, Social system in which organisations are situated, Cultural and organisational likeness, reputation, past relationships and ability to trust (essentially in view of past encounters and trusting setting) (Bierly and Gallagher, 2007).

2.5 Empirical Studies

Strategic alliances in the foreign markets are of considerable relevance owing to the observed growth effects and their demonstrated capacity to drive the economy at national, regional and global levels. Euromonitor International (2011) observed that Korean firms used strategic alliances to extend their businesses and increase their markets by making new drivers to fight overload, along with saving time and costs. Supermarkets in their choice of suppliers of vegetables favor farmers with access to infrastructure and those with their own means of transport. Initially, supermarkets in Kenya bought fresh vegetables in conventional wholesale markets, which remain to be seen today. However, the supermarkets have expanded their purchasing to involve contract-based farmers and traders, to maintain stable commodity prices and ensure consistent quality and supply. These contracted farmers and traders constitute the strategic alliances which have better chances of honouring their contracts at all times and providing the supermarkets supplies throughout the year.

Ibrahim (2011) identified a successful Strategic alliance in Starbucks and Kraft where Starbucks coffee was to be disseminated by use of Kraft only. In the end both organizations benefited. Starbucks gained rapid entry into 25,000 supermarkets in the USA, promoted by the advertising strength of 3,500 Kraft salespersons and Kraft topped off its coffee line with the best-popular premium brand and gained rapid entry into the quick-expanding premium coffee brand. This alliance clearly leads to market penetration, brand recognition and profitability for both partners hence the development of competitive advantage. This success story appears to prove the knowledge and RBV theories working for both parties.

Cherian, Flores and Srinivasan (2012) led an investigative research on the Critical Success Factors to Collaborate in Cross Border Alliances: Experiences of Indian Manufacturing Enterprises and discovered that; strategic achievement variables (Critical Success Factors, CSFs) for fruitful CBAs entail tactical, ecological, auxiliary and temporal focused components. The accomplishment of collusions is translated not just as far as financial and market accomplishments, additionally the constant value formation of the partnership, value formation for sharpening ability of alliances and allocation of value for worldwide business later.

Yuk (2013) saw that mergers and acquisitions have been the undeniable course for subsidence-ravaged Western organizations hoping to catch shares in the high-development economies of Brazil, Russia, India, and China, and additionally more up to date economies all through Asia, the Middle East, and Africa. The latest trend has progressively been for Western organizations to swing to joint investments and strategic partnerships for the reason behind entering hard-to-penetrate developing markets and creating non-organic development. Ray (2013) did a multiple contextual investigation on Strategic Alliance in India under Globalized Economic Scenario utilizing a various contextual analysis and found those organizations' systems to produce and support their competitive advantage in element advertise situations. By creating strategic unions, firms add to their overabundance capacities and assets with others and make another entity to achieve competitive advantages. At the point when partnerships are proficiently dealt with, the participating companies can accomplish various advantages that in the end bring revenues.

Locally, Muthoka and Oduor (2014) examined the Effects of Strategic Alliances on Organizational Performance: Supermarkets and Their Alliances in Kenya. The study utilized a correlational research outline. The specimen of the study involved an investigation of all the five major supermarkets (Nakumatt, Ukwala, Naivas, Tuskys and Uchumi) and 95 of their strategic partnerships. Information for this study was gathered from the head officials of the organizations by utilization of a survey. The information was examined by the use of a multiple regression method to test the impact of the independent factors associated with tactical partnerships and the dependent variable performance. Independent one way ANOVA test and independent-test (one tailed) were utilized to decide the level of significance. Information was presented by use of figures, and tables. The empirical results of the research demonstrated that there was a solid, negative linkage between's innovative strategic partnerships and execution. Correlation findings demonstrated that there was a frail, negative impact between production strategic partnerships and execution, for the supermarkets whereas for supermarkets partnerships there was an extensive, positive outcome between the two factors. There was a solid, constructive outcome between promoting strategic cooperations and execution for the supermarkets while for supermarkets partnerships there was a medium, positive relationship between marketing tactical partnerships and execution.

Oseh (2013) carried out a study on the features connected with internationalization of diminutive and medium businesses in Thika Town. The research adopted a descriptive research design. The research targeted the SMEs in Thika Municipality. The study found that internationalization in new markets has created the motivation for setting up new business; that the level of education of top managers has been very useful in setting up international business; that political systems have been supportive in all areas of the business and language barrier has been less influential in the internationalization trade in the business.

Kilimo (2014) in her study on the influence of strategic partnerships on the financial productivity of commercial banks in Kenya used a descriptive design, targeting 43 commercial banks. Document assessment was used to collect data from bank statement of financial performance and statements of comprehensive income during the period 2009-2013 while General Economic Data was collected from the site of the Central Bank of Kenya. Data was then interpreted by use of Statistical Packages for Social Sciences (SPSS) version 17. Regression and correlation analysis were used to determine the nature and the strength of the relationship between the independent and dependent variables. The findings of this study reveal that all the commercial banks in Kenya were involved in at least one form of strategic alliances. On average, the banks were in at least three strategic alliances. Correlation analysis carried out between the study variables yielded a value of R is 0.747 an indication that a strong relationship existed between the variables. There was a strong positive relationship between performance of commercial banks, proportion of funds set aside for strategic alliances and bank size. A strong negative correlation exists between financial performance and financial leverage. The study also found out that there exist a positive correlation between bank size and the proportions of funds set aside for strategic alliances.

2.6 Summary of Empirical Studies and Knowledge Gaps

From the empirical review of studies, it is obvious that research in the area of bank financial performance and strategic alliances has been done but not comprehensively. While the previous literature has made considerable contributions to the comprehension of the strategic alliances in foreign market entry by Kenyan commercial banks, a crucial gap in the practical literature is the problem of how the strategic alliances adopted in foreign market entry by Kenyan commercial banks. Whereas a lot has been done on strategic alliances in foreign market alliances, there is little done about application of strategic alliances in foreign market entry by banks and specifically there is no study that has focused on strategic alliances in foreign market entry by Kenyan commercial banks. Therefore, there is need to establish the strategic alliances in foreign market entry by Kenyan commercial banks.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This part of the paper offers a discussion of the study design that was applied as a part of this research. It talks about the study design especially as for the choice of the design. It likewise explains number of participants in study, sample design, data collection, legitimacy and unwavering quality and information analysis.

3.2 Research Design

This study utilized a descriptive and cross sectional study approach. Descriptive research illustrates features linked to the sample populace. As pointed out by Cooper & Schindler (2006), a descriptive research collects data from members of a population and helps the researcher get the descriptive current events by questioning people on their views, attitudes, behaviour or principles. On the other hand, the rationale for cross sectional research design is to explore and describe a phenomenon.

According to Kothari (2009), cross sectional research designs are more efficient and economical. They help the researcher to know much about opinions and attitudes of the respondents. Cross sectional study approach also intends to get data that illustrates current phenomenon by questioning participants on their perceptions, attitudes, behaviours or values. These approaches investigate the existing state of two or more factors at a particular point in time and whether a relationship is between them; hence most suited in investigating the strategic alliances in foreign market entry by Kenyan commercial banks.

3.3 Population

The target population in the study was the Kenyan commercial banks with foreign market operations. According to Central Bank of Kenya (2015), the total number of Kenyan commercial banks operating in foreign markets was ten (10) as shown in Appendix III. These ten Kenyan banks have established branches in Uganda, Tanzania, Rwanda, Burundi and Southern Sudan.

3.4 Data Collection

This study gathered equally primary and secondary information. Primary data was gathered by use of a quantitative approach. Conversely, the secondary data was obtained using the information published by the banks, industry regulators and government agencies on the strategic alliances in foreign market entry by Kenyan banks. The research instrument was divided into two major sections, requiring responses to various dimensions based on the Likert type scale for purposes of enabling easy rating /ranking of answers, coding and data analysis; and a closing open ended section.

The first section A, consisted of a brief background regarding the background information of banks which are the subjects of the study. Section focused on the strategic alliances in foreign market entry by Kenyan banks. The respondents were either of the two (2) business unit heads designated as CEOs or Senior Managers, general managers and functional heads from each of the banks who are responsible for day – to day operations of the strategic alliances and foreign market entry of the banks.

3.5 Data Analysis

Data analysis alludes to investigating the data that has been gathered and conducting conclusions and inferences. This process encompasses revealing underlying arrangements, pulling out critical variables, identifying any irregularities, examining any underlying suppositions, inspecting the acquired data and making out conclusions. The information gathered was absolutely quantitative and it was broke down by engaging investigation. The expressive factual apparatuses, for example, Statistical Package for Social Sciences (SPSS) and MS Excel helped the analyst to portray the information and decide the degree utilized. Data analysis used frequencies, percentages, means and other central tendencies.

The Likert scales were used to investigate the mean score and standard deviation. The results were present utilizing tables and diagrams. Cooper & Schindler (2006) takes note of that the utilization of percentages is critical for two reasons; first they streamline information by lessening every one of the numbers to run somewhere around 0 and 100. Second, they make an interpretation of the information into standard deviation with a base of 100 for relative correlations. This offered a quantitative and subjective portrayal of the goals of the study.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter puts forth interpretation and results of the study as established in the study methodology. The findings are given on the strategic alliances in foreign market entry by Kenyan commercial banks in Kenya. The data was collected through semi-structured questionnaire specifically designed to generate data relevant to the research objective and analyzed through descriptive analysis. The data acquired was entered into SPSS version 22.0 and utilized in analysing the strategic alliances in foreign market entry by Kenyan commercial banks in Kenya.

4.2 Response Rate

Response rate refers to the degree that the ultimate information set entails all sample subjects and is estimated from the amount of individuals who had completed interviews divided by average number of persons in the whole sample. This includes those who declined to take it and the unreachable. The study involved 20 business unit heads designated as CEOs or Senior Managers, general managers and functional heads from each of the banks as they understand the strategic alliances in foreign market entry by commercial banks in Kenya. Table 4.1 illustrates the return rate of answered questionnaires.

Table 4.1: Response Rate

Response	Frequency	Percentage
Responded	17	85.0
Not responded	3	15.0
Total	**20**	**100.0**

Source: Research Data, 2016

As shown in Table 4.1, 17 out of the 20 questionnaires sent to the banks were received back fully filled which accounts to 85.0% response rate. On the other hand threeh (3) of the questionnaires (contributing to 15.0% of the sample) were not received and therefore were not considered in the analysis. The questionnaires that were not returned were because of different reasons like; the respondents were not accessible to fill them in around then and even with persevering subsequent meet-ups there were no positive reactions from them while others were mostly unfilled. As indicated by Kothari (2006), a half reaction rate is sufficient, 60% is great, while 70% or more is appraised to be great. This likewise works together with Bailey's (2000) declaration that a reaction rate of half is satisfactory, while a reaction rate more prominent than 70% is great. This infers in view of this declaration, the reaction rate for this situation of 85.0% was thusly great. The reaction rate exhibits an ability of the respondents to take an interest in the study. From the foregoing, the response rate provides adequate data to proceed with the analysis.

4.3 Demographic Characterization of Respondents

The study tried to discover the demographic data of the respondents which incorporated the sexual orientation of the respondents, age sections, designation, employment experience and level of training. This was critical since it frames the establishment under which the study can reasonably receive in determining conclusions. The investigation depended on this data identifying with respondents to sort the distinctive results as indicated by their colleague and reactions.

4.3.1 Gender of the Respondents

In this research the subjects selected were required to contain both male and female employees working in the easily purchased consumer goods multinational corporations in Kenya. The aspect of sex was regarded critical in the study principally as it could assist the investigator obtained an unbiased perspective from both males and females. The information portrayed in Figure 4.1 in regard to gender of the respondents revealed that majority (73.5%) of the subjects was males while 26.5% of them were females. The results portray that the Kenyan commercial banks with foreign market operations have both male and female management staffs; however, the male are more than the female management staffs. The findings mean that the opinions given in these results are sensitive to gender and can be considered as rep of the views of both genders in relation to the strategic alliances in foreign market entry by Kenyan banks.

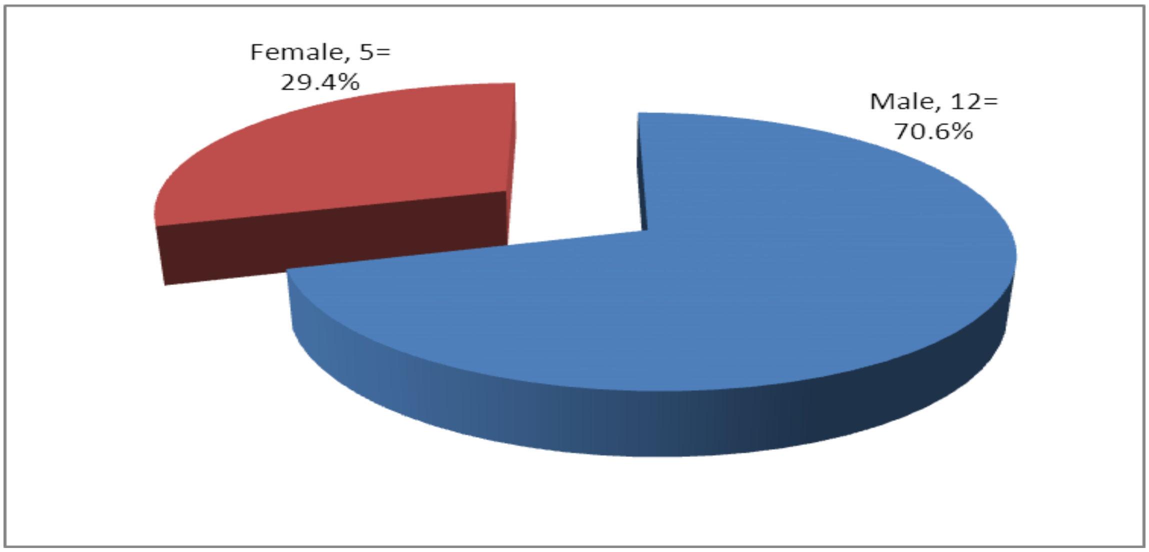

Figure 4.1: Gender of the Respondents

4.3.2 Age Brackets of the Respondents

The study wanted to examine the elements of the subjects as regards to age brackets to comprehend their knowledge with the strategic alliances in foreign market entry by Kenyan banks. Table 4.2 shows the results obtained from the study.

Table 4.2: Age Brackets of the Respondents

Age Brackets	Frequency	Percent

21-30 years	4	23.5
31-40 years	7	44.1
41-50 years	4	20.6
Above 50 years	2	14.7
Total	**17**	**100.0**

Source: Research Data, 2016

The demographic results with regards to age reveal that majority (44.1%) of the respondents were aged between 31-40 years, 23.5% of them were aged between 21-30 years, 21.4% were aged between 41-50 years and 13.4% of the respondents indicated that they were aged above 50 years. The results depicted in table 4.3 show that the respondents were well distributed in terms of age and that they are active in technological advancements and productivity and hence can contribute constructively in this study on the strategic alliances in foreign market entry by Kenyan banks. This indicates that majority of respondents have a high level of responsibility and leadership potential which enhances the reliability and relevance of information collected.

4.3.3 Designation of the Respondents

The study sought to collect data from the staffs comprising of CEOs or senior managers, general managers and functional heads working in the Kenyan commercial banks with foreign market operations. As such, the study sample included managers, assistant managers, supervisors and general staff. This was relevant to assess the distribution of the respondents across the management levels. According to the results shown in Figure 4.2, majority (35.3%) of the respondents were general managers, 26.5% of them were functional heads, 23.8% of them indicated that they were senior managers, while 14.7%

of the respondents comprised of CEOs in the Kenyan commercial banks with foreign market operations.

Majority of respondents were in management levels and therefore had a broad understanding of the issues sought by the study. From these results, the respondents that participated in the study are mainly those involved in the formulation and implementation of the decisions concerned with strategic alliances in foreign market entry and hence their insights are viewed as more resourceful for knowledge and policy recommendations among Kenyan commercial banks with foreign market operations.

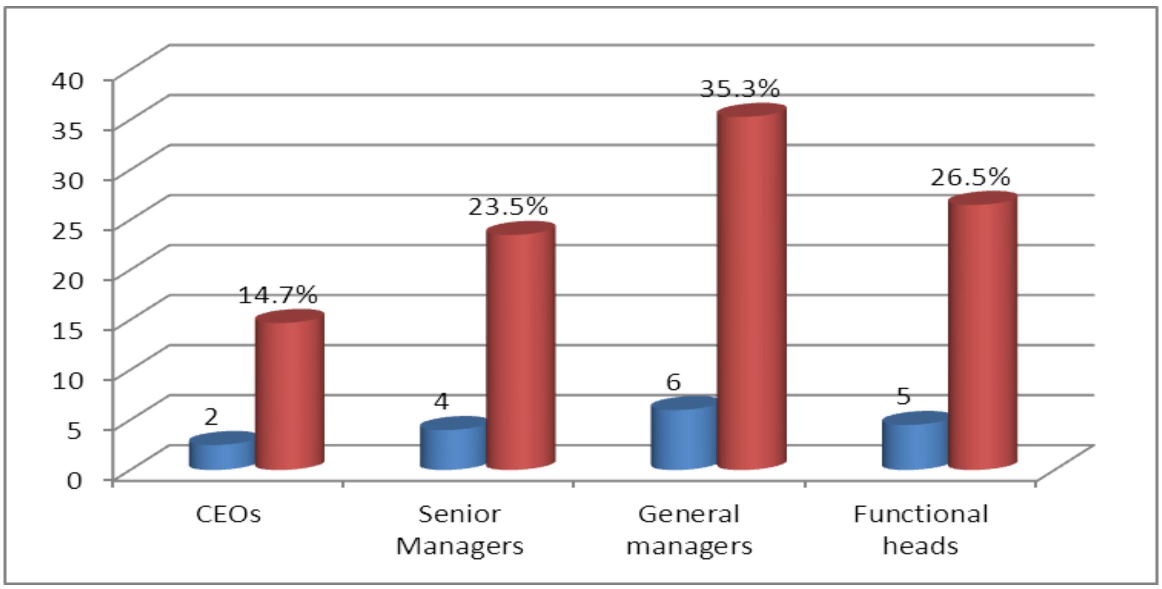

Figure 4.2: Designation of the Respondents

4.3.4 Working Experience

In the wake of innovative progressions and globalization, there are probably going to be many changes in institutional and working environment that the respondents ought to know when reacting to the issues looked for by the study. The years of practice are important in examining the reliability of the information collected from a given population under investigation. The results are presented in Table 4.3.

Table 4.3: Working Experience

Length of Service	Frequency	Percentage
Less than one year	2	11.8
1- 5 years	6	35.3
5-10 years	6	35.3
11 to 15 years	2	11.8
Total	**17**	**100.0**

Source: Research Data, 2016

From the study, 35.3% of the respondents unanimously indicated that they had worked with the Kenyan commercial banks with foreign market operations for a period of 5 - 10 years, another 35.3% of them had been working in the Kenyan commercial banks with foreign market operations for 1-2 years, 11.8% of them had been working in the Kenyan commercial banks with foreign market operations for less than one year whereas another 11.8% of them had worked in the Kenyan commercial banks with foreign market operations for a period of 11 to 15 years. This means that a majority of the staffs participating in this research had been operating for a long time hence they were acquainted with the data that the study wanted pertaining to the strategic alliances in foreign market entry by Kenyan commercial banks.

4.3.5 Level of Education

The chosen Kenyan commercial banks utilize staffs in various work stations consequently extraordinary scholarly qualifications. The study hence tried to set up the most astounding academic capabilities achieved by the respondents. Significant (57.1%) of the respondents showed that they had got a Bachelor's Degree, 19.0% of them demonstrated that they had gained Masters Degrees, another 19.0% of the respondents had obtained school certificates while 4.8% of the respondents demonstrated that they had procured PhDs. These results suggest that every one of the respondents were academically qualified and acquainted with their obligations and could administer them viably. These results further give an assurance that the respondents would give a fair feed back to the questionnaire based on the fact that their education background allows them to understand importance of academic research.

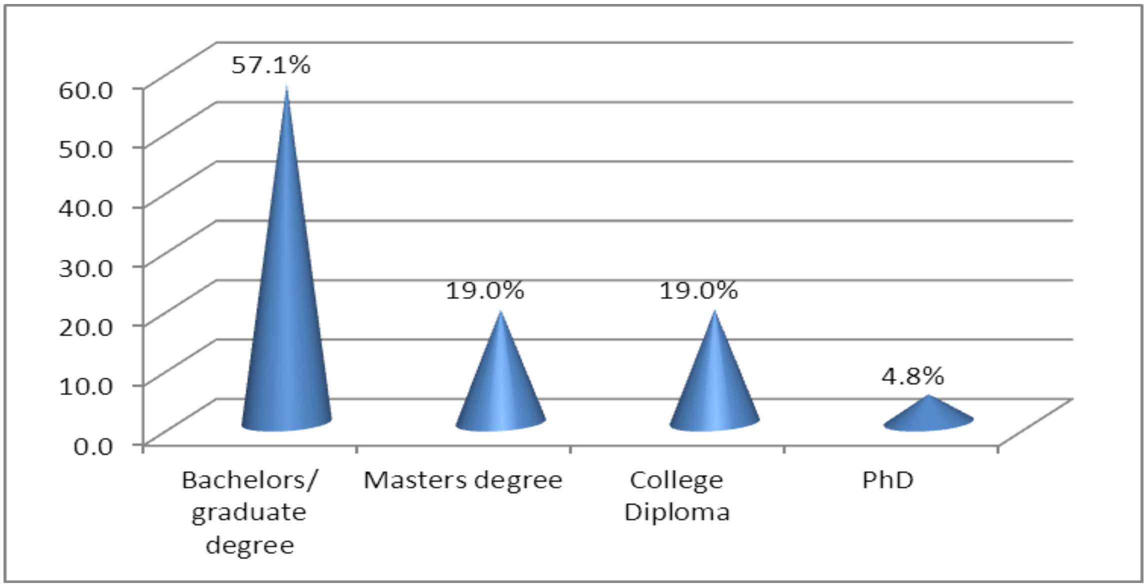

Figure 4.3: Level of Education

4.4 Strategic Alliances in Foreign Market Entry

The primary reason for conducting this study was to set up the strategic alliances in foreign market entry by Kenyan commercial banks in Kenya. As regards this the study wanted to ascertain the degree of adoption of strategic alliances in foreign market entry by Kenyan commercial banks.

Table 4.4: Extent of Adoption of Strategic Alliances in Foreign Market Entry

Extent	**Frequency**	**Percent**
To a very great extent	2	11.8
Largely	4	23.5
To a moderate extent	9	52.9
To a little extent	2	11.8
Total	**17**	**100.0**

Source: Research Data, 2016

From the study results as tabulated in table 4.4, 52.9% of the respondents unanimously indicated that there is adoption of strategic alliances in foreign market entry by Kenyan commercial banks to a moderate extent and 23.5% of them indicated largely. Further, 11.8% reiterated that their adoption of strategic alliances in foreign market entry by Kenyan commercial banks was to a very great extent, while another 11.8% of the population studied reported that adoption of strategic alliances in foreign market entry by Kenyan commercial banks was to a little extent. According to these results, it is evident that there exists an average level of adoption of strategic alliances in foreign market entry by Kenyan commercial banks.

The research also sought to ascertain the various countries where the Kenyan commercial banks have foreign operations within the Eastern African Region. The results are as depicted in Table 4.5.

Table 4.5: Countries where Kenyan Banks have Foreign Operations

Countries with Foreign Operations	Frequency	Percent
Tanzania	9	52.9
Uganda	10	58.8
Burundi	4	23.5
South Sudan	6	35.3
Rwanda	4	23.5
Ethiopia	2	11.8
Other (beyond East African Region)	2	11.8

Source: Research Data, 2016

From the study majority (comprising 58.8%) of the respondents unanimously indicated that their banks have foreign operations in Uganda. This was followed by 52.9% of those who indicated that the Kenyan commercial banks have foreign operations in Tanzania, then 35.3% of the respondents indicated South Sudan, 23.5% of them indicated that the Kenyan commercial banks have foreign operations in Rwanda and Burundi in each case, 11.8% of the Kenyan commercial banks have foreign operations in Ethiopia, while 11.8% of the respondents indicated that Kenyan commercial banks have foreign operations in other regions beyond East African Region.

4.5 Types of Strategic Alliances

Various strategic alliances have become prevalent in order to strengthen the market positions and improve on performance of Kenyan banks in foreign markets. The subjects were also asked to show the nature/form of operations undertaken by the Kenyan commercial banks in the foreign countries. Table 4.6 presents the results of the study.

Table 4.6: Form of Operations by Kenyan Commercial Banks

Nature of Foreign Operations	Frequency	Percent
Network of branches	13	76.5
Subsidiary	15	88.2
Joint venture	7	41.2
Mergers and acquisitions	2	11.8

Source: Research Data, 2016

Following the findings presented in Table 4.6, many (comprising 88.2%) of the subjects unanimously recapped that their banks operate subsidiaries in the foreign country operations, 76.5% of them indicated that their banks operate networks of branches in the foreign countries, 41.2% of them indicated joint venture while only 11.1% of the respondents reported that their banks operate in mergers and acquisitions in the foreign countries.

The subjects were again asked to rank the degree to which several features of strategic alliances influence the foreign market entry by commercial banks in Kenya.

Table 4.7: Extent to which Strategic Alliances affect Foreign Market Entry

Aspects of Strategic Alliances	Mean	Std. Dev.
Partner Matching	3.5937	0.6582
Strategic Alignment	3.6146	0.7162
Coordination and Appreciation	3.4896	0.6323
Value Creation	3.5521	0.6938

Source: Research Data, 2016

According to the results depicted in Table 4.7, majority of the respondents reiterated that strategic alignment affects the foreign market entry by commercial banks in Kenya largely as shown by a mean score of 3.6146, partner matching affects the foreign market entry by commercial banks in Kenya largely as shown by a mean score of 3.5937 and value creation affects the foreign market entry by commercial banks in Kenya largely as shown by a mean score of 3.5521. In addition, coordination and appreciation affects the foreign market entry by commercial banks in Kenya to a moderate extent as shown by a mean score of 3.4896.

The study further sought to establish the extent to which the Kenyan banks consider various aspects as sufficient reasons for setting up operations in another country. A scale of 1 to 5 was provided such that 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Table 4.8: Reason for Setting-Up Operations in Foreign Countries

Reason for setting up operations in another country	**Mean**	**Std. Dev**
Client following/ need to follow customers who have gone abroad	4.0857	0.3707
Search for better economic value offered by the global economy	3.5423	1.1772
Search for new markets	3.2083	1.1843
Increasing shareholder wealth	3.6250	1.0021
Incentives afforded by regional integration.	3.2972	1.6102
Financial and political risk diversification strategy.	3.5489	1.1772
Following other competitors who have ventured into foreign markets	3.4612	1.2633
Firm's strategy	3.5428	1.5152

Source: Research Data, 2016

According to the results depicted in Table 4.8, majority of the respondents reported that client following/ need to follow customers who have gone abroad was one of the reasons for setting up operations in another country as shown by a mean score of 4.0857, increasing shareholder wealth largely as shown by a mean score of 3.6250, financial and political risk diversification strategy largely as shown by a mean score of 3.5489, firm's strategy largely as shown by a mean score of 3.5428 and search for better economic value offered by the global economy largely as shown by a mean score of 3.5423. In addition, they reiterated that the Kenyan banks set up foreign operations with an aim of following other competitors who have ventured into foreign markets to a moderate extent as shown by a mean score of 3.4612, incentives afforded by regional integration to a moderate extent as shown by a mean score of 3.2972 and in search for new markets to a moderate extent as shown by a mean score of 3.2083. According to this results, the Kenyan Banks use strategic alliances to obtain resources possessed by other firms that are valuable and essential to achieving competitive advantage.

The study further requested the respondents to rank the preference of strategic alliance in enhancing the various modes of foreign market entry by commercial banks in Kenya. A scale of 1 to 5 was provided such that 1= Least Preferred, 5= Most Preferred.

Table 4.9: Preference of Strategic Alliance in enhancing Foreign Market Entry

Foreign modes of entry	**Mean**	**Std. Dev**
Using the organisation's corporate model and brand for a particular time period.	3.5104	0.7107
A business accord within which the entities accept to create, for a limited time, a new party and new resources by give their share of equity. They practice control over the business and hence share profits, costs and assets.	3.5208	0.6152
Combination of two companies to form a new company	3.5729	0.6919
A business action that requires a firm to buy majority, if not all, of the identified firm's ownership shares to take over control of the target organization.	3.5000	0.6649

Source: Research Data, 2016

The interpretation on the respondents' ranks of the statements was done in relation to the key provided where the means checked up in the scale to reveal the corresponding measure in the scale. Accordingly, majority of the respondents reiterated that combination of two companies to form a new company was greatly preferred in enhancing the various modes of foreign market entry by commercial banks in Kenya as shown by a mean score of 3.5729 as well as a corporate accord within which the entities accept to establish, for a limited time, a new party and new resources by giving their share of equity. they practice power over the business and then share profits, costs and resources as shown by a mean score of 3.5208, using a firm's business model and brand for a prescribed period of time as shown by a mean score of 3.5104 and a business action in which a firm purchases a majority, if not all, of the target company's possession shares to take over ownership of the target firm as shown by a mean score of 3.5000.

4.6 Issues affecting Strategic Alliances in Foreign Market Entry

The respondents were also required to indicate the extent to which the various strategic alliances in foreign market entry of Kenyan banks. A scale of 1 to 5 was provided where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Table 4.10: Issues that affect Strategic Alliances in Foreign Market Entry of Banks

Issues that affect strategic alliances in foreign market entry	Mean	Std. dev.
Adjustment costs and uncertainties	3.6346	1.12073
Adjusting to foreign business practices	3.9231	0.9871
Host government laws	3.5769	1.27335
The need to customize services in the foreign market	2.8846	1.27808
Political instability in foreign markets	3.2972	1.6102
Time demand to gain client confidence	3.5423	1.1772
Cost of international business development.	3.3077	.63043
Competition from local firms	3.3077	0.4803
Lack of knowledge and expertise to assess opportunities in foreign markets	3.3333	.81650
Lack of contacts in foreign markets	3.5833	.77553
Language and cultural differences	3.8333	.76139
Lack of capital to finance expansion	3.0769	.75955
Lack of knowledge on export regulations and procedures	3.5489	1.1772
Lack of support from the Kenyan government	3.4612	1.2633

Source: Research Data, 2016

On a scale of 1 to 5, most of the respondents reported that adjusting to foreign business practices, language and cultural differences, adjustment costs and uncertainties, lack of contacts in foreign markets, host government laws, lack of knowledge on export regulations and procedures and time demand to gain client confidence affect the strategic alliances in foreign market entry of Kenyan banks to great extents as shown by mean scores of 3.9231, 3.6346, 3.5769 and 3.5423 respectively. On the other hand the respondents recapped that, lack of support from the Kenyan government, lack of knowledge and expertise to assess opportunities in foreign markets, cost of international business development, competition from local firms, political instability in foreign markets, lack of capital to finance expansion and the need to customize services in the foreign market affect the strategic alliances in foreign market entry of Kenyan banks to moderate extents as shown by mean scores of 3.4612, 3.3333, 3.3077, 3.3077, 3.2972, 3.0769 and 2.8846 in that order. From these results, several factors determine the success level of strategic alliances which include issues of structure, power sharing, control and trust have a critical role in the prosperity of partnerships. Therefore strategic alliance ability to produce the desired performance depends largely of the structure created, how the relationship is managed and how the cultures of parent organizations influence the integration of the firms.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The Study was on strategic alliances in foreign market entry by Kenyan commercial banks in Kenya. This section is a synthesis of the whole study and contains a synopsis of findings. The conclusions and proposals drawn were centered around tending to the target of the study.

5.2 Summary

The study discovered that there existed a reasonable level of adoption of strategic alliances in foreign market entry by Kenyan commercial banks. Majority of the banks have foreign operations in Uganda, Tanzania, South Sudan, Rwanda and Burundi. A few of the banks have presence in Ethiopia and beyond East African region. The study also established that majority of the banks operate subsidiaries in the foreign country operations, banks operate networks, joint venture, mergers and acquisitions in the foreign countries.

The study found that various strategic alliances have become prevalent in order to strengthen the market positions and improve on performance of Kenyan banks in foreign markets. Accordingly, strategic alignment, partner matching and value creation affect the foreign market entry by commercial banks in Kenya to great extents, while coordination and appreciation affects the foreign market entry by commercial banks in Kenya to a moderate extent.

The study found that that client following/ need to follow customers who have gone abroad, increasing shareholder wealth, financial and political risk diversification strategy, firm's strategy and search for better economic value offered by the global economy are some of the reasons for setting up operations in another country to great extents, while the Kenyan banks set up foreign operations with an aim of following other competitors who have ventured into foreign markets to a moderate extent, incentives afforded by regional integration to a moderate extent and in search for new markets to a moderate extent.

The study further established that blend of two organizations to form another organization was incredibly favored in upgrading the different methods of foreign market section by commercial banks in Kenya and in addition a corporate knowledge in which the entities agree to develop, for a finite period, another substance and new assets by giving a share of equity, they rehearse power over the endeavour and then share profits, costs and assets, utilizing an organisation's course of action and brand for an endorsed schedule and a business action in which a company purchases a majority, if not all, of the targeted enterprise's ownership shares with a particular end goal to recognize power of the target firms.

The study also found that adjusting to foreign business practices, language and cultural differences, adjustment costs and uncertainties, insufficient contacts in foreign markets, host government laws, inadequate knowledge on export regulations and procedures and time demand to gain client confidence affect the strategic alliances in foreign market entry of Kenyan banks to great extents, inadequate support from the Kenyan government, lack of knowledge and expertise to assess opportunities in foreign markets, cost of international business development, competition from local firms, political instability in foreign markets, inadequate capital to finance expansion and the need to customize services in the foreign market affect the strategic alliances in foreign market entry of Kenyan banks to moderate extents. As such, strategic alliance ability to produce the desired performance depends largely of the structure created, how the relationship is managed and how the cultures of parent organizations influence the integration of the firms.

5.3 Conclusions

The study concludes that strategic alliances have become prevalent in order to strengthen the market positions and improve on performance of Kenyan banks in foreign markets. The strategic cooperations make reliance between independent financial units, conveying new benefits to the accomplices as intangible resources, and committing them to continue with contributions to their association. Diverse partnership structures represent various methodologies that partner firms embrace to control their reliance on the association and on different partners. These partnerships grant opportunities to associates to capitalize on the resources, learning, and skills of their close partners in an understanding of inter-firm undertakings.

The study further concludes that the Kenyan Banks utilize strategic unions to get resources controlled by different firms that are important and basic to accomplishing competitive advantage. Given inert reachability across solid ties and conceivable outcomes for enacting business endeavors to interconnect the partners of alliances, these perplexing examples of social capital implanted inside an organizational field-net of a strategic association offer gigantic potential for leveraging its member companies resource capacities. This causes threat that the more established firms may strip the other of the essential framework. Qualities picked up by learning from one organization can be utilized against the other. The different aspects that decide the achievement level of strategic partnerships include issues of structure, power sharing, control and trust assume a vital part in the accomplishment of partnerships.

The study also infers that strategic partnerships are being utilized to enhance foreign market operations of commercial banks. The banks have set up measures to become extremely competitive by educating its staff, putting resources into research and development of innovation. The advantages of this collusion may bring about unbalance between the entities; a few variables may precipitate this asymmetry: The association might be forged to trade assets and capacities, for example, technology. This make one partner to get the craved innovation and forsake the other partner, viably appropriating every one of the benefits of the partnership. Utilizing this speculation activity disintegrates the other partner's competitive position. This is a circumstance where one partner makes and keeps control of basic resources. As organizations gain from the other, normally by undertaking sharing, their capacities get to be fortified, at times this quality surpasses the extent of the investment and an organization can utilize it to pick up a competitive advantage against the organization they might work with.

5.4 Recommendations

The study recommends that Kenyan commercial banks should always strive to ensure that they increase the number of strategic alliances. The research established that most commercial banks were willing to enter into such arrangements in order to get various benefits. However due to a number of challenges encountered the gains were not maximized. It is therefore necessary for those banks already in a strategic alliance to deal with the challenges in order to realize even more gains.

The study also recommends that careful choice of the strategic partners is also important so as to avoid conflicts of any sort. This will also ensure a sustainable relationship where the partners can complement each other in more synergistic manner. The reduction of competition was cited as one of the drivers of alliances. This may build monopolies in the industry which could face a lot of government control and reduce the gains.

The study also recommends that Kenyan commercial banks ought to do a study about prospective foreign markets to advise the decision of strategic alliances for entering foreign markets. This is to guarantee they utilize the proper entry strtaegy to improve the association performance. The study additionally suggests that Kenyan banks' administration ought to assess factors impacting the decision of market entry methods. This is to guarantee that they pick the best entry strategy.

5.5 Recommendations for further Studies

The same study should be carried among other firms which have adopted strategic alliances in foreign market operations such as the manufacturing sector, insurance sector among others to enhance comparison of the findings. This would be a modest attempt to enhance formulation of policies regarding strategic alliances in foreign market entry by Kenyan firms.

5.6 Limitations

The major constraint of study was its incapability to incorporate more Kenyan institutions with foreign operations in the region. This was a research centred on Kenyan commercial banks with foreign operations in the East African region. The study could cover more organizations to offer a more extensive analysis. The study offset this issue by conducting a research among the ten Kenyan commercial banks with foreign operations in the East African region to serve as the representative.

The respondents approached were probably going to be hesitant in giving data expecting that the data looked for would be utilized to scare them or print a negative picture about them or their banks. A few respondents would even turn down the demand to fill questionnaires. The study took care of the issue by presenting over a presentation letter from the University Of Nairobi School Of Business and guaranteeing them that the data they gave would be dealt with secretly and it would be utilized only for academic purposes.

Financial institutions like commercial banks with foreign operations in the current competitive environment operate on tight schedules. In this regard, respondents were likely to be unable to participate in the study in great time and this would have overstretched the information gathering period. To alleviate this impediment, the specialist made utilization of system to convince respondents to take part in the study.

The analyst was also prone to experience issues in eliciting data from the respondents as the data required is liable to zones of sentiments, feelings, attitudes and perceptions, which couldn't be precisely evaluated and additionally confirmed objectively. This may have prompted to absence of reaction because of the shroud of confidentiality encompassing the banks. The analyst urged the respondents to partake without keeping down the data they may have as the examination instruments did not endure their names.

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APPENDICES

Appendix 1: Cover Letter

Carolyne Nduku Maingi

C/O University of Nairobi

20th September, 2016

TO WHOM IT MAY CONCERN

Dear respondent

REQUEST TO COLLECT DATA FOR MASTER OF PROJECT

I am a post graduate student at the University of Nairobi pursuing a Master of Business Administration (MBA) degree. I am currently conducting a research project on "**STRATEGIC ALLIANCES APPROACHES IN FOREIGN MARKET ENTRY BY BANKS IN KENYA"**. The focus of my research will be on the Kenyan commercial Banks with foreign operations and this will involve use of questionnaires administered to senior management on the strategic alliances in foreign market entry by Kenyan Banks.

I therefore request for your kind assistance in completing the attached questionnaire to the best of your knowledge. The information you give will be treated with strict confidence and is solely for academic purposes. Your assistance and co-operation will be highly appreciated. Thank you.

Yours faithfully,

Carolyne Nduku Maingi

MBA, UoN

Appendix II: Research Questionnaire

This questionnaire is designed to collect data on the strategic alliances in foreign market entry by Kenyan Commercial Banks. It is meant for completing research in partial fulfillment of requirements for a degree in Master of Business Administration from the University of Nairobi and I will be most grateful if you could kindly complete this questionnaire. This questionnaire consists of two major parts. Kindly answer all the questions by ticking in the appropriate box or filling in the spaces provided. The information given here will only be used for purposes of this study and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

PART I: BIO- DEMOGRAPHIC DATA

1. Gender

   Male [ ] Female [ ]

2. Age Bracket

   21-30 years [ ] 31-40 years [ ]

   41-50 years [ ] Above 51 years [ ]

3. What is your designation?

   CEO [ ] General Manager [ ]

   General manager [ ] Functional heads [ ]

   Other (Specify……………………) [ ]

4. How long have you served in the Organization?

   Less than 1 year [ ] 1 – 5 Years [ ]

   6 – 10 Years [ ] 11-15 Years [ ]

   20 Years and above [ ]

5. What is your highest level of education?

   Certificate [ ] Diploma [ ]

   Bachelor’s Degree [ ] Masters [ ]

   PhD [ ] Others (Specify....................)[ ]

PART II: STRATEGIC ALLIANCES IN FOREIGN MARKET ENTRY

6. With regard to this Bank, how would you rate the extent of adoption of strategic alliances in foreign market entry by Kenyan commercial banks?

To a very great extent	Largely	To a moderate extent	To a little extent	To no extent

7. In which of the following countries does your firm have foreign operations within the Eastern African Region? Tick all that is appropriate.

Tanzania [ ] Uganda [ ]

Burundi [ ] Rwanda [ ]

South Sudan [ ] Other (…………………….) [ ]

8. What is the current form of operations in the countries where you have foreign operations? Tick appropriately

Network of branches [ ] Subsidiary [ ]

Joint venture [ ] Mergers and acquisitions [ ]

Other (Specify…………………………………………………..) [ ]

9. With regard to this Bank, please rank the extent to which the following aspects of strategic alliances affect the foreign market entry by commercial banks in Kenya? Rank on a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Aspects of Strategic Alliances	**1**	**2**	**3**	**4**	**5**
Partner Matching					
Strategic Alignment					
Value Creation					
Coordination and Appreciation					
Other (specify………………………………………….)					

10. To what extent does your firm consider the following as a sufficient reason for setting up operations in another country? Use a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Reason for setting up operations in another country	**1**	**2**	**3**	**4**	**5**
Client following/ need to follow customers who have gone abroad					
Search for better economic value offered by the global					

economy					
Search for new markets					
Increasing shareholder wealth					
Incentives afforded by regional integration.					
Financial and political risk diversification strategy.					
Following other competitors who have ventured into foreign markets					
Firm's strategy					
Other (specify……………………………………)					

11. Rank the preference of strategic alliance in enhancing the following modes of foreign market entry by commercial banks in Kenya.(1= Least Preferred, 5= Most Preferred)

Foreign modes of entry	**1**	**2**	**3**	**4**	**5**
Using a firm's business model and brand for a prescribed period of time.					
A business agreement in which the parties agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses and assets.					
Combination of two companies to form a new company					
A corporate action in which a company buys most, if not all, of the target company's ownership stakes in order to assume control of the target firm.					
Other (specify………………………………………………)					

12. Rate the extent to which the following issues affect the strategic alliances in foreign market entry of this Bank. Use a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Issues that affect application of strategic alliances in foreign market entry	**1**	**2**	**3**	**4**	**5**
Adjustment costs and uncertainties					
Adjusting to foreign business practices					
Host government laws					
The need to customize services in the foreign market					
Political instability in foreign markets					
Time demand to gain client confidence					
Cost of international business development.					
Competition from local firms					
Lack of knowledge and expertise to assess opportunities in foreign markets					
Lack of contacts in foreign markets					

Language and cultural differences					
Lack of capital to finance expansion					
Lack of knowledge on export regulations and procedures					
Lack of support from the Kenyan government					
Other (specify…………………...........……………….)					

13. What other information would you like to share about the strategic alliances in foreign market entry by Kenyan commercial banks?

…………………………………………………………………………………………

…………………………………………………………………………………………

14. What do you think should be done to enhance the strategic alliances in foreign market entry by Kenyan banks?

…………………………………………………………………………………………

…………………………………………………………………………………………

THANK YOU!!!

Appendix III: List of Banks Studied

1. Barclays Bank of Kenya (BBK)
2. CfC Stanbic Bank (now Stanbic Bank)
3. Commercial Bank of Africa (CBA)
4. Co-Operative Bank of Kenya (Co-op Bank)
5. Ecobank
6. Equity Bank
7. Kenya Commercial Bank (KCB)
8. National Bank of Kenya (NBK)
9. National Industrial Credit (NIC)
10. Standard Chartered Bank (SCB)

Source: Central Bank of Kenya, 2015