EFFECTS OF GLOBALIZATION STRATEGIES ON COMPANY FINANCIAL PERFORMANCE OF KENYAN COMPANIES IN COMESA REGION

FRANCIS COLLINS OMINDE

D61/84469/2016

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

DECEMBER, 2017

DECLARATION

I declare that this research project is my original work and it has never been presented to the University of Nairobi or any other university for any degree or any other academic award.

Signature___________________________________ Date________________

Francis Collins Ominde

D61/84469/2016

I confirm that the work reported in this research project has been carried out by the candidate under my supervision.

Signed……………………………… Date………………………………

Dr. Mary Kinoti

Senior Lecturer

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENT

I Glorify Almighty God for giving me the strength, guidance and ability to complete this project. Secondly, my MBA project writing would not have been a success without the eminence support from my spouse Philoice and two sons Feddy and Fido and daughter Phonior. Their contribution was great in terms of encouragement, prayers and forbearing with my absence from home as I am away studying in the college. Finally I am grateful to the community at large, who availed any relevant information needed in the writing my Project. God bless you all.

DEDICATION

My research project is dedicated to my two sons Fedy and Fido and daughter Phonior, let them know that with handwork and trust in the Almighty God they can achieve everything they target to achieve.

TABLE OF CONTENTS

ABSTRACT

In recent times, the field of economics has widely preoccupied itself with the discourse of globalization strategies and their derivatives. Many organizations are therefore whirling their rethinking around and towards ensuring that they lag none of their intentions upon any opportunity that rejuvenates therein. Upon then, many have contributed to the existence of quite a wide array of literature in regard to aspects of globalization strategies and the inherent benefits. However, in spite of this high edge knowledge existence, there is scarcity on the same pertaining to the effects of globalization strategies on financial performance of Kenyan companies operating in the COMESA region. This study focus and attempts to fill this gap by using description research design. Data shall be collected from the departments of finance and operations/business development by use of a well-structured questionnaire and a study guide. By use of census sampling technique, the study shall target 43 Kenyan companies operating in the COMESA region. Data obtained shall be well coded and analysed by the use of Statistical Package for Social Sciences (SPSS) Version 21.0 and presentations established appropriately. The study concluded that companies within COMESA region explored different globalization strategies, to hence their financial performance in the region. Financial institutions such as bank has highly invested into technology as a way to gain competitive advantages over others, introduction of automatic teller machine and internet banking also most of the institutions have involved in merger and acquisition in order to expands their operation in other regions where they do not exist. The study concluded that as a results of exploring globalization strategies such as countertrade, merger and acquisition, foreign direct investment, import and export, franchising, licensing, joint venture and technology, companies have gain financial performance by increasing their scale of production due to competitive advantages.

FIGURES

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Financial integration, technological progress and liberalization of trade, together with growth in politic, military interdependence and socio-cultural aspects has led to a unified wide range of strategic forces that drives shifts in today's world (Karadagli, 2012). These forces represent what is widely known as globalization: a strategic concept that describes socio and economical integrations that have been swiping off geographical quotas. Quota that were long imposed to define a closed society, and bringing forth the existence of a global village (Archibugi & Iammarino, 2002). Kafela (2011) identifies this shift as having effect on culture, environment, economic prosperity, on political systems, and also on the well-beimng of societies around the globe. The effect equally befalls the financial systems: thereby integrating local financial systems and international financial institutions and markets as financial globalization (Bakaert, Harvey & Lundblad, 2001). As a performance strategy, financial globalization which increases cross-country movement of capital enhances better functioning of the profit generating activities (Torre, Yetti & Schmukler, 2002).

Globalization strategy, based on organization financial performance is cast on the New Trade Theory by Krugman in 1991, the Resource Based View Theory by Penrose in 1959, The Circumvention Theory by Kane in 1981 and The Regulation Innovation Theory that was developed by Scylla in 1982. According to Nyathira (2012), Regulation Innovation and Circumvention Theories explain financial innovation strategies that organizations put forth in their quest to advance their financial gains. He further indicates that the theories expand the scope of financial innovation which normally relies on government activities and concerns. On the other hand, Han (2009) examined the relevancy of New Trade Theory and Resource Based View in international business and clearly indicates their consequences on returns and imperfect competition for international business. Basing on Han's internationalization argument, it can therefore be conclude of the same principle for regional trade blocks.

Among the most pronounced trade blocks for Kenya, the Common Market for East and South Africa (COMESA) block and the East African Countries (EAC) are leading in the intensification of trade deregulation. COMESA block for instance has among its strategic focus the provision of free market for its member countries (COMESA Desk, n.d) and creation of a single custom tariff for imports from non-COMESA countries (Madyo, 2008). The memorandum of understanding drafting the COMESA block strategy is equally aiming at enhancing the level at which organizations and individuals within country members can and would earn more value outside their national boundaries. This causal influence established by globalization therefore prompts the drive adherence of every nation, organization and individual that is interested in economic development and prosperity (Alesina *et al*., 2016).

1.1.1 Globalization Strategy

Globalization is a strategic practice that enhances cultural and social interconnectedness; financial, market and economic integration and political interdependencies that are established by improvements in trade liberalization, transformation, transportation and communication technologies (Owusu, 2012). Economically, Oman (1999) identifies globalization as a strategic prism for eliminating economic barriers on economic activities carried internationally. Further to this view, Easterly *et. al.,(*2004) and Acocella (2005) argues that the implication of globalization is to increase the movement of workforce, capital and foreign direct investment, goods, and the realization of integrated markets on an international platform (O'Rourke &

Williamson, 2000). Therefore, globalization can be termed to be the strategic moment of multiculturalism, mass migration, and cosmopolitanism.

According to Inglehart (2000) and Schoolworkhelper Editorial Team (2016), globalization is divided into seven sub-entities that can either be taken independently or jointly in ones or more combination. The seven include: financial, economic, technological, political, cultural, ecological and sociological globalization. Ruetttimann (2014), indicates that there are two main types of globalization that include material globalization for specialities and goods as the first type and immaterial globalization for conveniences and standards as the second type. He further clarifies that type one's nature is physical while that of type two is financial.

Caselli (2006) suggests that globalization should be a reflection of its multidimensionality. He further indicates that the difference between globalization and international openness of various nations is the fact that globalization really does embrace the whole world. Vujakovic (2010) mentions that cultural, political and economic systems are the three main contemporary accepted dimensions of globalization. In measuring globalization, the New Globalization Index (NGI) is used and it measures, under the three main dimensions, the following indicators; for economic, trade in goods as weighted with geographical distances in percentage of Gross Domestic Product (GDP), services trade, FDI stock and flow, portfolio investment stock, portfolio investment flow, foreign nationals' income payment, trademark applications by non-residents and patent applications by non-residents are considered; for political, environmental agreements, embassies in countries, international organizational membership and participation of United nations peacekeeping missions are considered; for social, international phone calls, outbound mobility of students, stock migration, international trade in books and newspapers and also international tourism are a consideration (Dreher, 2006; Martens & Raza, 2008; Raab, *et al*., 2008). This study will utilize NGI on economic in measuring globalization strategy. Purposely for this evaluation, we can conclude that globalization is the practise of de-territorialisation (Gekara, 2008) with the aim of facilitating unrestricted and free circulation of capital for easy inter-border/international integration of economic activities

1.1.2 Financial Performance

Financial performance is the realization level of business monetary objectives over a specified and clearly defined period of time (Ongeri, 2014). Greenwood and Jovanovic, (1990) and Mutua (2014) define it as instinctive measurement of how best a firm can utilize assets from its primary business to create revenue. Financial performance forms part the great firm performance dimensions that analyses how fit it articulates to its position in society. Alam et al. (2011) indicates that firm performance is a multidimensional construct with four segments. Further, Nyathira (2012) lists the segments as organizational effectiveness that includes level of innovation, time to market, supply chain flexibility and production; Customer-focused performance, including service or product achievement with consumer fulfilment; Personnel output which includes satisfaction of workforce; market achievement, including profits, revenue, cash-to-cash cycle time, market position and per share earnings.

Even though firm performance is measured by the four dimensions, financial expression still remains the most predominant one. In its expression, Jayawardhera and Foley (2000) indicate that, it uses monetary receivables from total units of sales and from any other operation. Onjala (n.d) in his study on determinants of financial performance of commercial banks, he asserts that there are many techniques to measure financial performance. Mutua (2014) further identifies the measures as financial ratio that includes Return on Equity (ROE), Return on Asset (ROA) and Net Interest Margin (Murthy & Sree, 2003). Consequently, Crane (n.d) reveals evaluation of liquity, solvency, profitability, repayment capacity and financial efficiency as a total package to determination of firm's financial performance.

A survey done by Farrell (2004) indicates that globalized companies have the advantage of attracting new customers and expanding into new markets. This expansion enlarges the target prospects which translate to increase in inflows. A report drawn by McKinsey Global Institute reports in favour of globalised companies to as having a reduced total operating cost by almost 70% with a 50% fractionate delivering from job offshoring, 15% from improvement in business processes, and the remaining attributed to job design. Equally KPMG (2006) established that many firms are being globalized with an aim of taking advantage of the range of resources and opportunities available in markets exhibiting a global platform. Han (2009) emphasized a statement by Ghemawat (2003) that "Globalization may contribute to firm profits largely through two sources: economies of scale and arbitrage opportunities." Han further indicates that early studies (Daniels & Bracker 1989; Caves 1971; Grant 1987; Grant, Jammine & Thomas. 1988) have justified a more substantial relationship between firm performance and globalization.

1.1.3 The COMESA Block and Kenyan Firms

The Common Market for Eastern and Southern Africa (COMESA) is a regional block integrating 20 states (Comoros, Burundi, Djibouti, Democratic Republic of Congo, Eritrea, Egypt, Ethiopia, Libya, Kenya, Madagascar, Mauritius, Malawi, Rwanda, Sudan, Seychelles, Swaziland, Zambia Uganda, Zimbabwe and South Sudan) under a common understanding of promoting trade development and all round resources nurturing for block benefit (Ministry of Trade and Industry: COMESA Desk, n.d) According to The COMESA in Brief (2014) and Madyo (2008), the block was setup under the objectives of; promoting unrestricted trade area guaranteeing the unobstructed movement of goods and services within the block, creating a single custom tariff for imports from non-COMESA countries, free investment and capital movement, payment union establishment and common visa adoption .

Among the different globalization establishment, trade liberalization is the main and major focus of The COMESA block (COMESA in Brief, 2014), and it tops its programme activities. This liberalization focus is based on Free Trade Area (FTA), Rules of Origin, COMESA Simplified Trade Regime (COMESA-STR), COMESA Customs Union, Regional Competition Policy, WTO Compliance, The COMESA Customs Document, Common Statistical Rules, Eurotrace, and displacement of Non-Tariff Barriers. Another focus of COMESA is on trade facilitation that deals with matching Road Transit Charges, COMESA Carrier's License, Matching Axle Loading and Maximum Vehicle Dimensions, The Regional Customs Transit Guarantee Scheme, The Yellow Card, COMESA Virtual Trade Facilitation System (CVTFS) and Telecommunications Interconnectivity.

Formation of regional block under the focus as that of COMESA is what is generally known as getting global. This is in the sense that, organizations from various member countries can make a move to and from outside its geographical boundaries. This liberalization of markets ensures that there is free flow of resources, material, information and rewards across the systems (Biswaro, 2003). According to the Kenya COMESA regional perspectives (2007-2008), many organizational setups in Kenya have benefited a great deal through the globalization brought about by liberalized entities within the COMESA members. The report emphasizes on investment environment and regional interconnectivity.

Madyo (2008) analysed on the importance of regional economic integration in Africa and established that due to the trade liberalization that still remains to be the key objective, many firms have taken advantage and executed extensive responses within and outside the block. The regional block prospective (2007-2008) indicates that a number of Kenyan firms have already taken a step out to the entire COMESA block giving a unified investment outlook that was early only experienced within the East Africa Community (EAC). A good example has been given by Nyagah (2013) who evaluated the effects of globalization and therein noted that among globalized banks in Kenya, Equity Bank has had the best of strategy. He further indicates that by end of 2012, the bank had thirty eight (38) fully functioning branches in Uganda, four (4) South Sudan, two (2) in Tanzania and seven (7) in Rwanda. Among the many highly globalised Kenyan firms, KenolKobil, Kenya Commercial Bank (KCB), Nakumatt, East African Breweries, Nation media and the East African Portland Cement Company Ltd have had the best of the record in going global.

1.2 Research Problem

Effective globalization strategy as a play not only constitutes of financial integration and trade liberalization, but also includes aspects of growth in social-cultural, political and military interdependence; making the concept itself global by nature –in the sense that, it describes an extensive range of integrated forces (Archibugi and Iammarino, 2002) working on a common platform. Schmukler (2004) indicates that financial globalization as a form of integrating financial institutions and markets with local financial systems, institutes finer performance monetary structure coupled with adequate financing (Levine, 2001) and a better controlled financial market, all adding to financial performance. Ghemawat (2003) and Han (2009) equally indicate that arbitrage opportunities and economies of scale are the main sources of firm profit that globalization strategy put forth.

Globalization and company financial performance has been broadly examined on both international and local bases. International, Kafela (2011) examined the thrust of globalization in emerging market economies and developing countries. His findings indicate controversies regarding the benefits of globalization as the force behind and for it to be fully realized, developing economies must open up and lower trade and capital flow barriers. Owusu (2012) indicates that there is a strong effect of globalization strategy on cable and wire manufacturing sector. (Karadagli, 2012) on emerging markets indicates that globalization significantly improves firm's performance. Mitrovic (2013) conducted a study on impacts of globalization on financial performance in Serbia banking and concluded that wide markets and reduction in operating cost majorly weigh in. Sengul, Alpkan & Eren (2015) in Turkey, found out that operational performance is affected by globalization aspects that include change in technological, new opportunities and cost pressure.

Mukundi (2006) investigated on the effects of globalization on local industries in Kenya. His findings indicate that those firms that have embraced globalization have seen improvement in their market as well as revenues. Gichira (2007) carried out a study on obstacles of globalization and their impact on Kenya Airways Limited. He established that adverse competition and rapid technological mutations put much pull over other challenges. Nyanchoka, Mosomi and Namusonge (2014) on effects of globalization on sourcing indicate a significant effect on firm's produce and delivery of products to customers. Wanjohi (2015) focused on brain drain and its contribution to globalization and economic development in Kenya. She established a significant correlation between globalization and brain drain.

Critically, Various studies have been carried out on the effects of globalization and performance, whether independently or jointly. However, there are no sufficient contributions of such in regards to effects of globalization on financial performance of Kenyan companies in the COMESA Block. Lack of knowledge availability on such a critical area of focus points out existence of a research gap. This study therefore shall seek to establish the effects of globalization strategies on company financial performance by responding to the following question: what are the effects of globalization strategies on financial performance of Kenyan companies operating within the COMESA region?

1.3 Research Objectives

The general objective of this study is to establish the effects of globalization strategies on financial performance of Kenyan companies operating within COMESA region. Specific objectives include:

I. To determine the extent at which globalization strategies are adopted by Kenyan companies operating in the COMESA region.

II. To establish the influence of globalization strategies on financial performance of companies operating in the COMESA region.

1.4 Value of the Study

Academicians and researchers in the line of international business, strategy, and bilateral trade block(s) relationships will benefit from this study as they will find it a useful instrument in providing data that can give great contribution to literature reviews. This is because the study will definitely contribute to existence of strategic information on globalization effect on financial performance. And more importantly, in relation to Kenyan companies verses the COMESA Trade Block.

This study will also help companies not only in Kenya but also outside Kenya in making informed decisions on whether to diversify their operations to other countries and generic trade blocks. Through the determination of the extent to which companies get global and the associated financial outcome, companies shall have in hand reliable information on the merits and demerits of globalization.

The COMESA Trade Block administration and evaluation team(s) will also find this research useful as it will provide them with insight on participatory statistics of Kenya firms. In this regard, they can be able to adequately propose improvements on block deregulations and regulations with focus on better result delivery.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review from previous studies on globalization strategies and financial performance. It entails a review on the foundational theories of the study, empirical studies, empirical summary and research gaps, and the conceptual framework.

2.2 Theoretical Background

A number of substantial studies and research has been dealt to theoretically explain the concept of globalization strategies in the context of company financial system. These include resource based theory and regulation innovation theory as reviewed:

2.2.1 Resource Based View Theory

According to Barney (1991), resource based view theory (RBV) was established in 1959 by Penrose: with a view of mapping competitiveness of an organization to a specific source. As a theory that has dominated in the industry for quite a period (Acedo, Barroso & Galan, 2006), RBV states that a company's performance is ever affected by its specific capabilities and resources (Peteraf, 1993: Ondieki, 2016). This philosophy has equally been argued in favour by Wong (2011), who emphasizes that the theory summarises on firm heterogeneity as a source of its differential performance. Peteraf and Barney (2003) further indicate that in the context of RBV, company resources are unevenly located around the industry. And the best way to put them into proper use is through exploiting internal capabilities that attach the company to the mega environment, probably through strategic focus (Jambekar, 2008).

With consideration of continuous company improvement, Paneru (2011) suggests that RBV theory provides high level of continuous performance in companies with continuous performance supportive culture, process-based regulation changes and experience in conducting improvement strategies. Lavie (2006) comments that competitive advantage generating resource can span company boundaries and embed themselves in inter-geographical locations. Further, Arya & Lin (2007) indicate that competitive advantage sources do not only originate from internally owned resources but also from those that spread to the external rational networks through globalization.

Gulati, Nohria and Zaheer (2000) depicts the cohesion between globalization and RBV through rational networks that possibly contribute entry into wealth direction. That is, alongside a gain-pull from scale and scope economies. Wong (2011) notes that this allows companies to at least distribute the risks along a longer supply chain and even outsource some activities and tasks. Company financial performance is also considered to be one of the improvements that are brought forth by rational networks, which on the other hand depend on the company's propensity to strategize and globalize its operations.

2.2.2 Regulation Innovation Theory

Scylla *et. al.,* (1982) developed the regulation innovation theory with an aim of explaining financial innovation from the economic development perspective. The theory states that company's financial innovation closely connects with social regulation (Nyathira, 2012). Further, Mbogoh (2013) argues that the theory makes up a regulation transformation with mutual causality and influence on economic regulation. The development of the theory was based on the thought that in a planned economy with steep regulations and purely free-market, financial innovation will face a lot of difficult in sprouting up (Kagira, 2015).

Kagira (2015) further recommended that due to the difficulties mentioned by Nyathira (2012) and Mbogoh (2013), any regulation reform changes brought forth should be regarded as financial innovation and usually termed as omni-directional in nature. However, such innovative activities can only appear in government's economically controlled market. Kagira (2015) indicates that in the case whereby management and the government have evaded from financial revolutions, movements follow that finally circumvent the rigid controls imposed by the government.

Effectiveness of globalization strategy heavily depends on relaxation of government regulations in concern to trade tariffs, company laws and trade block articulation. As indicated by Mbogoh (2013), globalization strategies is part of the innovation that enhances financial proficiency as it opens up a company's scale to a wide market (Mitrovic, 2013). A survey done by Farrell (2004) indicates that globalized companies have the advantage of attracting new customers and expanding into new markets. These expansions enlarge the target prospects which translate to increase in inflows and at the same time enhancing nation economic performance levels.

2.3 Globalization Strategies and Financial Performance

From a development perspective and main concerns (Gogo, 2015), globalization strategies have rose over the recent years with positivity of the flow of investments, outflow and inflow of specialized manpower, and spread of innovations and technology. In spite of some of its negative and exploitative influences, like the brain drain that has been mentioned by Wanjohi (2015), many organizations have recorded significant performance improvement that can be traced directly from their implementation of the globalization strategies. Munene (n.d.)

indicates that due to these globalization strategies Kenyan universities have had the opportunity to re-engineer themselves towards global standards and marketing places.

Globalization strategies, from a company perspective and open prospect, provides opportunities to make higher and extraordinary new sales and profits (Held & McGraw, 2002). These benefits are attained out of the resource seeking platform, efficient seeking of placement labour costs and strategic asset seeking upon competitors in the market. From a customer perspective, globalization strategies leads to low product and service prices because of the economies of scale and scope drive established on a large global base. The strategies contribute too to international organizations concern like the African Development Bank and World Bank who have been rethink on the ways and means of breaking down international trade barriers and tariffs. The strategies form a major ground of bilateral and multilateral negotiations.

Both local and international researchers have made quite substantive steps towards reviewing and establishing justifiable knowledge bases as regarded. The studies are based on a wide scope but limited to internationalization. Internationally, Kafela (2011), Karadagli (2012), Owusu (2012), Sengul *et al.* (2015), and Mahmutovic *et al.* (2016) have undertaken feasible steps towards establishing substantive knowledge on globalization and firm performance. Locally, Gichira (2007), Nyagah (2013), Muciimi and Ngumo (2014), Gogo (2015), Wanjohi (2015) have equally contributed to the knowledge base. Their studies however do not sufficiently explain the relationship intended herein this current study.

The world economy has benefited immensely from the effects of globalization based on recorded trends of business. Globalization has completely obliterated philosophical institutions that existed therefore paving way for mechanisms of the global markets. This means world economy has become global as a means of top most equivalent. Players whose disposition is determined by common hedonist motives (Mitrovic & Stefanovic, 2007).

2.4 Summary of Literature

As illustrated in the above evaluations, the studies carried out both or either in the globalization strategies and financial performance quite substantiate to the justification of a research gap existence within this study's context. An in-depth analysis indicates that in-spite of a wide research undertaking of the concepts and context herein, whether investigated jointly or independently, the threshold holding this study's objective(s) has not been attained. The analysis reveals that a high percentage the empirical reviews dealt with the concepts of globalization strategies and financial performance but failed to link them either together or to Kenyan companies operating on the COMESA region. Therefore, there still exists a research gap on effects of globalization strategies on financial performance of Kenyan companies operating in the COMESA region.

2.5 Conceptual Framework

A conceptual framework is a diagrammatic presentation model of interrelated variables that the researcher operationalizes graphically or diagrammatically so as to realize the set objectives (Mugenda & Mugenda, 2003). Equally, a variable is a characteristic measure that is subject to various values. Kombo and Tromp (2006) indicate that independent variables are those that can accommodate manipulation to affect influence on another while independent ones are those that assume change on effect to dependent.

In this case, independent variable include globalizations strategic aspects while the dependent variables include aspects of company financial performance as illustrated in figure 2.1

2.1: Conceptual Framework

Independent Variables		**Dependent Variables**
Globalization Strategies		**Company Financial Performance**
Franchising Licensing Exporting Importing Joint Venture FDI Mergers & Acquisition Management Contract Countertrade	→	**Profits and Revenue** • Return on Equity • Return on Asset • Net Interest Margin • Cash-to-Cash Cycle Time **Market position** • Local Ranking **Per share earnings** • Dividends Earnings

Figure 2.1: Conceptual Framework

Source: Researcher (2017)

The main focus of this study is financial performance as outlined by figure 2.1 above. This kind of performance is however special in some kind as it doesn’t include the normally used units measures of return on investment, return on asset, and the net interest margin. The financial performance in this case is termed as the dependent variable since it can only be realized on causal from other variables which are globalization aspects. It is assumed that with a probable situation and effective implementation of globalization strategy, the listed improvements in financial performance will be realized in groups of occurrences if not individually.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter defines the research methodologies that were used in conducting this research. Specifically, it comprises of research design, population to be targeted, sample and sampling technique, data collection procedure and analysis.

3.2 Research design

This study adopted a descriptive research design in its attempt to establish objectives. According to Ondieki (2016), descriptive research design seeks to depict the participants in an accurate way. Mugenda and Mugenda (2013) indicate that descriptive research design involves the collection of information with the aim of mapping out the status of a given subject. Further, Mbogoh (2013) agrees with Hopkins (2000) that descriptive design equally seeks to establish the association between variables. Accordingly, descriptive research design is appropriate for this study in establishing how and what status and association of variables involved therein.

3.3 Target Population

Research population is referred to as a collection of elements about which reference is based upon (Cooper & Schindler, 2008). On the other hand, Mutua (2014) and Ngechu (2004) define population as a set of elements, events or people that are placed under investigation. In this study, population comprised of 43 according to the Ministry of Foreign Affairs (appendix II) Kenyan firms operating in the COMESA Region, is it in one or more than one country outside Kenyan territories. The study therefore adopted a census approach as the population size does not support feasible sampling.

3.4 Data Collection

The study used both primary and secondary data appropriately. Open-ended and closed-ended questionnaires were used in collection of primary data while audited financial statements and documented strategic plans and policies provide secondary information. The questionnaire contained section A (A; part I and part II) and section B: section A(I) covered company background and section A(II) types and measures of globalization strategies used, while section B covers state, measures and trends in financial performance. The study targeted and got responses from officers within the business development / operations department(s) and the financial department. The use of a questionnaire has been justified by Ondieki (2016) who indicates that they offer a high degree of adoption of generalized information statistic and standardization among any preventatives population. The questionnaires were administered by the use of self-administration and drop-and-pick processes where appropriate.

3.5 Data Analysis

The researcher performed data analysis by use of Statistical Package for Social Sciences (SPSS) Version 21.0. A non-parametric t-test of significance at 0.05 levels was also performed. To obtain the objective of the study, this analysis utilized descriptive, correlation and regression tools in SPSS 21.0 –aiming at establishing the relationship between variables illustrated therein. The use of these tools has been justified by Ngigi (2012), Mutua (2014) and Ongeri (2014).

Regression analysis performed exhibited on the subsequent representation attributes:-

$$Y=W_0+\beta_1X_1+\beta_2X_2+\ldots+\varepsilon$$

Where:

Y = Financial Performance

X_1 = Franchising

X_2 = Licensing

X_3 = Exporting

X_4 = Importing

X_5 = Joint Venture

X_6 = Foreign Direct Investment

X_7 = Mergers & Acquisition

X_8 = Management Contract

X_9 = Countertrade

W_0 = Constant

β_1 = Coefficient of X_1

β_2 = Coefficient of X_2

β_3 = Coefficient of X_3

β_4 = Coefficient of X_4

β_5 = Coefficient of X_5

β_6 = Coefficient of X_6

β_7 = Coefficient of X_7

β_8 = Coefficient of X_8

β_9 = Coefficient of X_9

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTEPRETATION OF THE RESULTS

4.1 Introduction

This chapter presents the study findings. It starts by describing the background information of the organization. It then moves on to present findings on the globalization strategies and its effects on financial performance of various companies in COMESA region.

4.2 Response Rate

From the data collected, out of the 40 questionnaires administered from 40 companies, all of them were filled and returned, which represents 100% response rate. This response rate is considered very good to make conclusions for the study. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% good while above 70% rated very well. The recorded high response rate can be attributed to a self-administered questionnaire where the respondents completed and these were picked shortly after. The response rate manifests a desire to acknowledge engagement in the enquiry.

4.3 Background Information

The study sought to corroborate information on various aspects of respondents' and companies environment such as Name of the organization, number of years with the current employer, duration at which the firm has been operating, the scope of operation of the respondent's company and the ownership structure of the institution.

4.3.1 Age of the organization

The table 4.3.1 below shows the data collected on the age of the organization

Table 4.3.1: Age of the organization

Duration	Frequency	Percentage (%)
6-10yrs	2	5.0
over 10yrs	38	95.0
Total	**40**	**100.0**

The results in Table 4.3.1 above indicates that most of the companies under the researcher's study 95% had been in operation for over 10 years while 5% for between 6-10 years of operation. The longer duration at which most of the organization has been in operation, was a clear indication that they have exploit various competitive advantages to keep them into the market.

4.3.2 Scope of Operation of the Companies

The study seeks to establish the scope of the operation of various companies under study

Table 4.3.2: Scope of Operation of the Companies

Scope of operation	Frequency	Percentage (%0
Locally	10	25.0
Regional	15	37.5
Continental	10	25.0
Globally	5	12.5
Total	**40**	**100.0**

Most of the companies under study operates regionally 37.5% while 25% of the companies operates both locally and continentally respectively, finally 12.5% of the companies operates globally. This clearly shows that most of the companies have not gone globally in their operation. This study concur with the study according to the Kenya COMESA regional perspectives (2007-2008), many organizational setups in Kenya have benefited a great deal through the globalization brought about by liberalized entities within the COMESA members

4.3.3 Type of ownership

Table 4.3.3, shows the data collected on the type of ownership of the organization

Table 4.3.3: Type of Ownership

Ownership	**Frequency**	**Percentage (%)**
Wholly locally owned	15	37.5
Wholly foreign owned	3	7.5
Foreign and locally owned	22	55.0
Total	**40**	**100.0**

Most of the companies were foreign and locally owned at 55%, while 37.5% of the companies were locals owned and only 7.5% were foreign owned. From the results it a clear evidence that most of the cement companies in Kenya are owned jointly by foreigners and locals. This study concurs with report from Kenya Business Directory". (7 Nov2010) which stated that most of the cement manufacturing company were foreign owned company, company such as Bamburu cement was founded by a British man Felix Mand in 1951.

4.4 Globalization Strategies

This section deals with the first objective; To determine the extent to which globalization strategies are adopted by Kenyan companies operating in the COMESA region. The researcher used descriptive statistic i.e. mean and standard deviation to determine the extent to which various companies in the COMESA region has employed globalization strategies for competitive advantage.

Table 4.4.1: Globalization Strategies

Descriptive Statistics			
Globalization Strategies	**N**	**Mean**	**Std. Deviation**
Globalization has an impact on the operation of banks products and services (Counter trade)	40	4.5500	.50383
The institution has open a new branches in other countries (Foreign Direct Investment)	40	4.2000	.60764
The organization has engaged innovations in communications and information technology contemplating geographic expansion eg ATM and Internet banking (Technology)	40	4.1500	.62224
The institution has engaged in export and import of its products (Export & Import)	40	3.8750	.72280
The organization has formed strategic alliance with firm in foreign market (Franchising)	40	3.7000	.82275
The institution has considered trademark applications by non-residents and patent applications by non-residents (Licensing)	40	3.6750	.79703
The company has forged joint ventures with international strategic partner (Joint venture)	40	3.5000	.96077
The institution has engaged in mergers and acquisition as way of going global (Merger and Acquisition)	40	2.8500	1.59406

The results from Table 4.4.1 revealed that various companies used different globalization strategies for competitive advantages in various magnitudes. Most of the companies strongly agree that globalization has an impact on the operation of the banks products and services (Counter trade) with a mean of 4.5. Majority also agreed that the companies have opened a new branches in other countries (Foreign Direct Investment) with a mean of 4.2 also organization has engaged innovations in communications and information technology contemplating geographic expansion e.g. ATM and Internet banking (Technology) with a mean of 4.1. Other strategies such as the institution has engaged in export and import of its products (Export & Import) with a mean of 3.9, The institution has built strategic alliance with companies in foreign market (Franchising) with a mean of 3.7, The institution has considered in trademark applications by non-residents and patent applications by non-residents (Licensing) with a mean of 3.67, The company has created joint ventures with international strategic partner (Joint venture) with a mean of 3.5 were moderately rated and lastly the institution has engaged in mergers and acquisition as way of going global (Merger and Acquisition) with a mean of 2.8. From a company aspect**,** international growth provides the moment for enhanced sales and therefore increased income. In some misfortune, it may be that income streams is so inferior in the home market that international development may be the only opening for positive returns. In addition to new sales moments, there may be other rationale for growth beyond the local trading zones. For instance, companies build up in order to secure resources, take lead of low employment costs in some regions and also to strengthen their market advantage versus competitors.

4.5 Financial performance of the organization

In order to come up with the financial performance of the organization, the respondents from various companies were give 5 linked-scale choices, to rate the company performance. Table 4.3.4 was the results of data collected.

Table 4.3.4: Financial performance of the companies

Rating	Frequency	Percentage (%)	Overall Mean	Overall Std dev
poor	3	7.5	3.725	0.784
moderate	10	25.0		
good	22	55.0		
very good	5	12.5		
Total	**40**	**100.0**		

Table 4.3.4 shows the financial performance rating of various companies who implement globalization strategies. Most companies were rated good 55%, moderate performance 25%, very good 12.5% and only 7.5% were rated poor by respondents, with the overall mean of 3.725 (good) and standard deviation of 0.784. From the overall mean of 3.7 it was a clear indication that most of the organization performances were moderately rated this is because some of this companies were not fully utilized the globalization strategies to capture the market from their competitors.

4.6 Regression Analysis between Globalization Strategies and Firm Performance

This section deals with objective two of the study; To establish the influence of globalization strategies on financial performance of companies operating in the COMESA region.

4.6.1 Regression Model

The following regression model was applied to measure variables in regard to effects of globalization strategies on company financial performance.

The regression model was as follows:

$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots\ldots\ldots + ẹ$

Table 4.5.1: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	12.604	6.182		2.039	.050		
	Merger &Acquisition	1.304	2.731	.192	1.225	.230	.933	1.072
	Counter trade	.224	.324	.141	.692	.494	.555	1.801
	Technology	.311	.213	.104	.563	.032	.441	1.709
	FDI	.102	.113	.023	.342	.079	.433	1.542
	Export & Import	.079	.341	.261	.423	.223	.361	2.431
	Franchising	.273	.217	.039	.421	.015	.233	1.271
	Joint Venture	.003	.334	-.001	.009	.993	.884	1.131
	Licensing	0.223	1.076	.559	2.808	.009	.579	1.727

The following regression analysis was obtained:

$Y = 12.6 + 1.304X_1 + 0.\ 224X_2 - 0.311X_3 + 0.102X_4 + 0.079\ X_5 + 0.273\ X_6 + 0.003\ X_7 + X_8$

Whereby Y is company financial performance, X_1 is merger & acquisition, X_2 countertrade, X_3 is technology, X_4 is Foreign direct investment, X_5 is Export and Import, X_6 is Franchising, X_7 is Joint venture and X8 is Licensing. The representation illustrates that when all variables are held at zero (constant), the value of company financial performance is 12.604. Notwithstanding, holding other factors constant, a unit increase in Merger and acquisition would lead to a 1.304 increase in Y, a unit surge in counter trade would lead to a 0.224 expansion Y. On the other hand, a unit increase in technology would lead to a 0.311 increase in Y, a unit increase in FDI would lead to a 0.102 increase in Y, a unit increase in Export and import would advance to 0.079 increase in Y, a unit increase in Franchising would lead to 0.273 increased in Y, a unit increased in joint venture would lead to 0.003 increased in Y and finally a unit increased in licencing would lead to 0.223 increase in Y. However only licensing, franchising and technology were remarkable since their p-value was less than 0.05.

Table 4.6.2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.581[a]	.345	.276	.81312	.145	.658	8	31	.041

Table 4.6.2 shows a model summary of regression analysis linking dependent and independent variables. The value of R (correlation value) is 58.1%, which shows high encouraging relationship between the independents variables (globalization strategies) and dependent variable (Company financial performance) the value of coefficient of determinant (R^2) is 34.5% this model is only capable of explaining 34.5% of the variability in company financial performance (Y). However p-value of 0.041 is less than 0.05 hence it is significant.

4.6.3. Analysis of Variance

In linear regression analysis it is assumed that there is a linear relation between the predictors and the dependent variable. This implies that if this assumption is violated, then the data will not fit the linear regression model. I thus assessed linearity by testing the goodness of fit of the model by conducting an ANOVA test.

Table 4.5.3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.621	7	.232	.331	.04[b]
	Residual	22.354	32	.699		
	Total	23.975	39			

From the results in Table 4.5.3 above, it was concluded that the representation is a good fit as the p-value, 0.04 is less than α= 0.05. This shows that the regression model has a less than 0.04 likelihood (probability) of giving a wrong prediction**.** Hence this model is good for prediction of the financial performance of the organization by using globalization strategies as a predictors.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECCOMMENDATIONS

5.1 Introduction

This chapter is a synthesis of the entire report and contains summary of findings, conclusions and recommendations for further study.

5.2 Summary of Research Findings

The following were the summary of the research findings upon which the conclusion and recommendations of the study were made. The study was guided by two specific objectives and it is on this basis that data analysis was done. The findings in relation to each of these objectives were as follows.

5.2.1 Background Information of the organization

According to the research findings, it is evident that most of the companies have been in operation for over ten years with a majority operating both locally and regionally, few of the firms operate globally. The study also found that most of the companies were owned jointly by local and foreigners few were wholly owned by locals. This clearly shows that most of the organizational setups in Kenya have benefited a great deal through the globalization brought about by liberalized entities within the COMESA members.

5.2.1 Globalization Strategies

Majority of the companies within the COMESA region used various globalization strategies to edge competitive advantage over other competitive companies. Most companies indicates that globalization has an impact on the operation of the banks products and services. Second strategies is that many institutions/companies have opened new branches in other foreign countries (Foreign Direct Investment), followed by; the organization has engaged innovations in communications and information technology contemplating geographic expansion eg ATM and Internet banking (Technology) also institutions have engaged in export and import of its products (Export & Import), The organizations have also formed strategic alliance with firm in foreign market (Franchising), The institution have also considered in symbol applications by non-residents and patent applications by non-residents (Licensing). The companies have forged joint ventures with international strategic partner (Joint venture) and lastly The institutions have engaged in mergers and acquisition as way of going global (Merger and Acquisition). The globalization strategies such as technology, merger and joint venture have helped most firm in the COMESA to gain competitive advantage over other companies. Technology enables businesses to go global and therefore enhance their operations, and even the little business can secure consumers in every time locality. The enormous advantage of a global strategy is that it allows a company to leverage on economies of scale. When it trades the same product internationally, it can acquire its raw materials in mass, overwhelmingly saving the company thousands of dollars per year. Economies of scale can rescue a company money in labor, packaging and marketing material costs, too.

5.2.2 Impacts of globalizations Strategies on Company Financial Performance

There were positive relationship of 58.1% between the globalization strategies such as (countertrade, merger and acquisition, technology, licensing, export and import, foreign direct investment, franchising and joint venture) and company financial performance. The study further revealed that the all globalization strategies had significant influenced on the company financial performance since p-value 0.041 is less than 0.05 significant level. Firms that have embraced globalization have seen improvement in their market as well as revenues.

5.3 Conclusion

The study conclude that most of the cement manufacturing companies in Kenya have been in operation for a longer period of time and majority were owned by locals and foreign as a partnership and majority have expand their operation from local to regional.

The study concludes that companies within COMESA region explored different globalization strategies to enhance their financial performance in the region. Financial institutions such as bank has highly invested into technology as a way to gain competitive advantages over others, introduction of automatic teller machine and internet banking also most of the institutions have involved in merger and acquisition in order to expands their operation in other regions where they do not exist.

The study further conclude that as a result of exploring globalization strategies such as countertrade, merger and acquisition, foreign direct investment, import and export, franchising, licensing, joint venture and technology, companies have managed to increase their scale of production.

5.4 Recommendations of the study

The following recommendations were made from the study;-The institutions should adopt the use of modern technology as a way of gaining competitive advantage. The merger and acquisition should be adopted by companies in the management to allow them expand their operations in other regions.Further, the companies should consider opening other branches in most of the foreign countries and other regional blocks to expand companies' activities

5.5 Limitation of The study

Various challenges were faced while undertaking this research; first there were not enough fund to finance both logistic especially in data collection where I need to hire research assistant to help me in collecting data, limited time line set by university was not adequately enough due to the nature of the research and finally some of the respondents were not willing to participate due to fear of victimization by the management.

5.6 Recommendations for further research

The following suggestions are made from the study; since this study was on the effects of globalization strategies on company financial performance. Other researches should be done on the challenges affecting companies in the developing countries in the case of implementing globalization strategies alongside on the benefits of the globalization strategies to consumers.

REFERENCES

Acedo, F.J., Barroso, C., & Galan, J. L. (2006). The Resource-Based Theory: Dissemination and Main Trends. *Strategic Management Journal, 27,* 621 -636.

Acocella, N. (2005). *Economic policy in the Age of Globalization*. New York: Cambridge University Press.

Alam, H. M., Raza, A., & Akram, M. (2011). Financial Performance of Leasing Sector. The Case of China. *Interdisciplinary Journal of Contemporary Research in Business,* 2 (12), 339-345.

Alesina, A., Harnoss, J. & Rapoport, H. (2016). Birthplace diversity and economic prosperity. *Journal of Economic Growth,* **21**(2): 101-138.

Archibugi, D. & Iammarino, S. (2002) "The Globalization of Technological Innovation: Definition and Evidence" Review of International Political Economy, Vol. 9, (1), pp.98-122.

Arya, B. & Lin, Z. (2007). Understanding collaboration outcomes from an extended resource-based view perspective: the roles of organizational characteristics, partner attributes, and network structures. *Journal of Management,* 33(5), 697-732.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management,* 17, 99-120.

Bekaert, G., Harvey, C., R., & Lundblad, C., T. (2001). *Equity Market Liberalization in Emerging Markets.* The Southern and Southwestern Finance Association.

Caselli, M. (2006). On the Nature of Globalization and its Measurement. Some Notes on the A.T. Kearney/Foreign Policy Magazine Globalization Index and the CSGR Globalization Index. *Unu-Cris Occasional Papers.* University of Del Sacro Cuore, Milano.

Caves, R., E. (1971). International Corporations: The Industrial Economics of Foreign Investment. Economica, 38, 1-27.

COMESA (2014). The Vision of COMESA. http://www.comesa.int/wp-content/uploads/2016/06/comesa-in-brief_2014.pdf Retrieved on 5th August, 2017.

COMESA Desk, (n.d.). Ministry of Trade and Industry, COMESA Desk, Kenya. http://epzakenya.com/UserFiles/files/COMESA%20INVESTMENT%20OPPORTUNITIES.pdf Retrieved on 5th August, 2017.

Cooper, C., R. & Schindler, P., S. (2008). *Business research methods* (10 Ed.). Boston: McGraw-Hill

Crane, M., L. (n.d). Measuring Financial Performance: A Critical Key to Managing Risk. *National Crop Insurance Services, Inc.*

Daniels, J., D. & Bracker, J. (1989). Profit Performance: Do Foreign Operations Make a Difference? *Management International Review*, 29(1), 46-56.

Dreher, A. (2006). Does Globalization Affect Growth? *Applied Economics, 38* (10), 1091- 1110.

Easterly, W., Williamson, J. & Banerjee, V. A. (2004). Channels from Globalization to Inequality: Productivity World versus Factor World, in Collins, M.S, & Graham, C. *Brookings Trade Forum 2004: Globalization, Poverty and Inequality*. Washington: The Brookings Institution, pp. 39-81.

Farrell, D. (2004). Beyond offshoring: Assessing your Company's Global Potential. *Harvard Business Review*, 82(12), 82-90.

Gekara, O., V. (2008). Globalisation, State Strategies and the Shipping Labour Market: The UK's Response to Declining Seafaring Skills. *Unpublished Dissertation*, Cardiff University.

Ghemawat, P. (2003). Globalization: The strategy of Differences, Harvard Business School Working Knowledge, http://internationalecon.com/Trade/tradehome.php Accessed 6th August, 2017.

Gichira, C., N. (2007). Challenges of Globalization and Their Impact on Kenya Airways Limited. *Unpublished Thesis*, University of Nairobi.

Gogo, O., J. (2015). The Influence of Globalization on Management of Universities in Kenya. http://ueab.ac.ke/BIRJ/download/birj_articles_2015/2015_CONFERENCE_5.pdf Retrieved on 5th August, 2017.

Grant, R., M. (1987). Multinationality and Performance among British Manufacturing Companies, *Journal of International Business Studies*, 18(1), 79-89.

Grant, R., M., Jammine, A., P., & Thomas, H. (1988). Diversity, Diversification and Profitability among British Manufacturing Companies, 1972-1984. *Academy Management Journal*, 31, 771-801.

Greenwood, J. & Jovanovic, B. (1990). Financial Development, Growth, and the Distribution of Income. *The Journal of Political Economy*, Vol. 98 (5) Part 1, 1076-1107

Gulati, R., Nohria, N., & Zaheer, A., (2000). Strategic Networks. *Strategic Management Journal, 21(3)*, 203-215.

Han, C. (2009). The Impact of Globalization on Inventory and Financial Performance: A Firm -Level and Industry -Level Analysis. *Unpublished Dissertation*, University of Maryland, College Park.

Held, D., & McGrew, A. (2003). The great globalization debate: An introduction. In D. Held and A. McGrew (Eds.). The global transformations reader (2nd Ed.).

Inglehart R. (2000). Globalization and postmodern values. *Washington Quarterly* **23**(1): 215-228. International Trade Centre. 2017.

Jambekar, A. (2008). Classification Scheme for Lean Manufacturing Tools. *International Journal Production Research,* 41(13), 3075–3090.

Jayawardhera, C. & Foley, P. (2000). Changes in the Banking Sector: the Case of Internet Banking in the UK, *Electronic Networking Application and Policy,* Vol. 10 (1), 19-30.

Kafela, T., G. (2011). Driving Forces of Globalization in Emerging Market Economies Developing Countries. *Asian Economic and Financial Review, 1(2),* pp.83-94.

Karadagli, C. (2012). The Effects of Globalization on Firm Performance in Emerging Markets: Evidence from Emerging-7 Countries. *Asian Economic and Financial Review* 2(7): pp.858-865.

Kombo, D. K., & Tromp, D. L. (2006). *Proposal and thesis writing: An Introduction.* Nairobi: Paulines Publications Africa.

Krugman, P. & Venables, A., J. (1995a). The Seamless World: A Spatial Model of International Specialization. NBER Working Paper No. 5220.

Krugman, P. & Venables, A., J. (1995b). Globalization and the Inequality of Nations. *The Quarterly Journal of Economics*, Vol. CX (4), 857-80.

Krugman, P. (1991). First Nature, Second Nature, and Metropolitan Location. NBER Working Paper No. 3740.

Krugman, P. (2008). New InternationalTtrade, http://web.mit.edu/krugman/www/. Accessed 7th August, 2017.

Lavie, D. (2006). The Competitive Advance of Interconnected Firms: An Extension of the Resource-Based View. *Academy of Management Review, 31*(3), 638-658.

Madyo, R., M. (2008). The Importance of Regional Economic Integration in Africa. *Unpublished Thesis*, University of South Africa.

Mahmutovic, H., Talovic, S. & Kurtovic, S. (2016). Impact of Globalization on the Performance of the Company: The Case of Companies from Bosnia and Herzegovina. *human.ba*, Vol 7 (1).

Markusen, J., R. & Venables, A., J. (1998). Multinational Firms and the New Trade Theory. *Journal of International Economics*, 46(2), 183-203.

Martens, P., & Raza, M. (2008). An Updated Maastricht Globalisation Index. *ICIS Working Paper 08020*. Maastricht.

Mbogoh, M., G. (2013). The Effect of Financial Innovation on Financial Performance of Insurance Companies in Kenya. *Unpublished Thesis*, University of Nairobi.

Mitrović, B. & Stefanovic, Z. (2007). *Globalization and Evolutionary Processes in Contemporary Economy*, Facta University.

Mitrovic, R. (2013). Globalization and its Impact on the Financial Performance of Banks in Serbia. Megatrend University.

Muciimi, N., E. & Ngumo, M., E. (2014). Implications of Globalization for International Business Strategy: A Multi-Sectoral Approach. *International Journal of Science and Research*, 3(4): 68-78.

Mugenda & Mugenda, (2003). *Research methods: Quantitative and Qualitative approaches.* Nairobi: Acts Press.

Murthy, Y. & Sree, R. (2003). *A Study on Financial Ratios of major Commercial Banks. Research Studies, College of Banking & Financial Studies*, Sultanate of Oman.

Mutua, W., R. (2014). Effects of Mobile Banking on the Financial Performance of Commercial Banks in Kenya. *Unpublished Thesis*, University of Nairobi.

Ngechu. M. (2004). *Understanding the research process and methods*. An introduction to research methods.Acts Press, Nairobi.

Nyagah, A., A. (2013). The Effects of Globalization on Equity Bank in Kenya. *Unpublished Thesis*, University of Nairobi.

Nyanchoka, Mosomi, E. & Namusonge, G. (2014). The Effects of Globalization on Sourcing: A Case Study of Kenya Tea Development Agency, *International Journal of Social Sciences Management and Entrepreneurship, 1* (3), 76-91.

Nyathira, C., N. (2012). Financial Innovation and its Effect on Financial Performance of Commercial Banks in Kenya. *Unpublished Thesis*, University of Nairobi.

O’Rourke, H., K. & Williamson, G., J (2000). When Did Globalization Begin? *European Review of Economic History*, Vol. 6 (1), pp. 23-50.

Oman, C. (1999). Technological Change, Globalisation of Production and the Role of Multinationals, in Hiemenz, U., ed., *Growth and competition in the new global economy*. Paris: OECD, 37-58.

Ondieki, B., F. (2016). Lean Supply Chain Management Practices and Organizational Performance of Cement Manufacturing Companies in Kenya: A Case Study of Bamburi Cement Company Limited. *Unpublished Thesis*, University of Nairobi.

Ongeri, M., G. (2014). The Effect of Macroeconomic Variables on the Financial Performance of Non-Bank Financial Institutions in Kenya. *Unpublished Thesis*, University of Nairobi.

Onjala, N., V. (n.d.). Determinants of Financial Performance of Commercial Banks in Kenya. *Unpublished Thesis*, University of Nairobi.

Owusu, B., (2012). The Impact of Globalisation on the Performance of Cable and Wire Manufacturing Industry in Ghana. *Unpublished Thesis*, Kwame Nkrumah University of Science and Technology.

Peteraf, A. (1993). The cornerstones of competitive advantage: A resource-based view, *Strategic Management Journal*, 14, 179-191.

Peteraf, M., A. & Barney, J., B. (2003). Scanning dynamic competitive landscapes: A marketing-based and resource-based framework. *Strategic Management Journal*, *24*(10), 1027-1041.

Raab, M., Ruland, M., Schönberger, B., Blossfeld, H., P., Hofäcker, D., & Buchholz, S. (2008). Global Index – A Sociological Approach to Globalization Measurement. *International Sociology*, 23 (4), 596-631.

Ruettimann G., B. (2014). Economic Globalization: The Five Basic Globalization Types. *Globalistics and Globalization Studies, 2014, 300–312*. www.brunoruettimann.de/dl/BasicGlobalizationTypes.pdf Retrieved on 3rd, August, 2017.

Schmukler, L., S. (2004). Benefits and Risks of Financial Globalization: Challenges for Developing Countries. Development Research Group, World Bank Background Paper. http://worldbank.org/research/bios/schmukler/ Retrieved on 4th August, 2017.

Schoolworkhelper Editorial Team (2016). Types of Globalization. https://schoolworkhelper.net/types-of-globalization/ Accessed on 6th August, 2017.

Scylla, R. (1982). Monetary Innovation in American. *Journal of Economic History*, 1982, 42(1):21 -30.

Seid, H., E. (2013). Regional Integration and Trade in Africa: Augmented Gravity Model Approach. *The Horn Economic and Social Policy Institute*.

Sengul, M., Alpkan, L. & Eren, E. (2015). Effect of Globalization on the Operational Performance: A Survey on SMEs in the Turkish Electric Industry. International Business Research, Vol. 8 (7).

Torre, A., Yeyati, E., L. & Schmukler, S. (2002). Financial Globalization: Unequal Blessings. *International Finance*, 5(3): pp. 335-357.

Vujakovic, P. (2010). How to Measure Globalisation? A New Globalisation Index (NGI). International Atlantic Economic Society, 38:237. https://link.springer.com/content/pdf/10.1007%2Fs11293-010-9217-3.pdf Retrieved on 5th August. 2017.

Wanjohi, M., P. (2015). Brain Drain and its Contribution to Globalization and Economic Development in Kenya. *Unpublished Thesis*, University of Nairobi.

Wong, J. (2011). A Relational View of Resources-based Theory: The case of Internationalization of Li & Fung Group. *The Journal of Human Resource and Adult Learning*, Vol. 7(2).

www.africa.business.com- features

APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

Please respond to questions in this questionnaire. All answers will be used for academic purpose only. Your information will be confidential. Tick appropriately.

SECTION A

PART I: BACKGROUND

1. Name of the institution ………………………………………………………………………..

2. Number of years with current employer

A. 0-2 years ☐

B. 2-6years ☐

C. Over 6years ☐

3. How long has been your firm been in existence (Tick as appropriate)

A. Less than 1year ☐

B. Between 1-5 Years ☐

C. Between 5-10 Years ☐

D. Over 10 Years ☐

4. What is your scope of operations?

A. Local ☐

B. Regional ☐

C. Continental ☐

D. Global ☐

5. What is the ownership structure of the institution?

A. Wholly locally owned ☐

B. Wholly foreign owned ☐

C. Foreign and locally owned ☐

PART II: GLOBALIZATION STRATEGY

6. Using a scale of 1-5, where 5= strongly agree; 4=Agree; 3=Neutral; 2= Disagree; 1=strongly Disagree; Please indicate the extent to which you agree with the following statements? (Mark √)

Statements					
	1	**2**	**3**	**4**	**5**
The institution has engaged in mergers and acquisition as way of going global					
Globalization has an impact on the operation of institution products and services					
The organization has engaged innovations in communications and information technology contemplating geographic expansion					
ATM and internet banking websites has enabled efficient long-distance interactions between institutions and their customers					
The institution has engaged in internet banking and mobile banking as globalization strategy					

Patent and trademark application by non-residents					
The organization has formed strategic alliance with firm in foreign market					
The company has forged joint ventures with international strategic partners					
Outsourcing non-core business activities in order to concentrate with core business activity in order to gain a competitive edge					
Enhancing efficient product delivery					
Sold off any of your operations to enable you concentrate on your core services or otherwise					
The institution has considered in trademark applications by non-residents and patent applications by non-residents					
The organization undertaken restructuring .e.g. infrastructure development and improvement					

APPENDIX 11

KENYA COMPANIES OPERATING IN COMESA REGION

1. KENOL/KOBIL
2. KENYA RE
3. UAP OLD MUTUAL
4. BAMBURI CEMENT COMPANY LTD
5. BOC GASES
6. EQUITY BANK
7. KENYA COMMERCIAL BANK
8. INYANGE INDUSTRIES
9. EAST AFRICA BREWERIES
10. BROOKESIDE DAIRY
11. LONGHORN LTD
12. ACORN GROUP
13. BRIDGE INTERNATIONAL
14. WANANACHI TELKOM LTD
15. D. LIGHT
16. BIDCO
17. UNILEVER EAST AFRICA
18. NATION MEDIA GROUP
19. BBOXX KENYA LTD
20. DAVID AND SHIRTLIFT LTD
21. EATON TOWERS
22. GLOBOLOGY
23. KIBOKO HOLDINGS LTD
24. REDARIA
25. NAKUMATT
26. FRESHA DAIRY
27. JUBILEE HOLDINGS LTD
28. KENYA AIRWAYS
29. UMEME
30. DIAMOND TRUST BANK
31. OLYMPIA CAPITAL HOLDINGS
32. UNGA GROUP
33. CARBACID INVESTMENTS
34. COMMERCIAL BANK OF AFRICA
35. COOPER MOTORS CORPORATION (CMC)
36. FLAME TREE GROUP HOLDINGS
37. CAR AND GENERAL KENYA
38. CROWN BERGER (KENYA)
39. EAST AFRICA CABLES

40. LIBERTY KENYA HOLDINGS
41. CENTUM INVESTMENT COMPANY
42. TRANSCENTURY INVESTMENT
43. UCHUMI SUPERMARKET

Source: www.africa.business.com- features