MARKET ENTRY STRATEGIES AND ORGANIZATIONAL CULTURE OF GLOBAL LOGISTICS FIRMS IN NAIROBI KENYA.

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DECLARATION

I hereby wish to declare this project to be my original work and that it has never been presented to any other university or institution of learning for purposes of a degree or any other award.

Signature……………………………………Date………………………………..........

Chris Kuria

D61/88499/2016

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

Signature…………………………………Date…………………………….............

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DEDICATION

I wish to dedicate my research to my loving parents. They gave me the motivation and determination to complete my Master's. Special dedication to Marie Wanyama for the selfless support and to my C.O.O and mentor Mrs Jane Mugo for her wise counsel and support.

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ABBREVIATIONS AND ACCRONYMS

FDI	:	Foreign Direct Investment
MNCs	:	Multinational Corporations
MNEs	:	Multinational Entities
KQ	:	Kenya Airways
ALP	:	African Logistics Properties
EPZ	:	Export Processing zone
SGR	:	Standard Gauge Railway
DHL	:	Dalsey, Hillblom Lynn
TMX	:	Toronto Stock Exchange
ROI	:	Return on Investment
BTC	:	Baseball Team Culture
SPSS	:	Statistical Package for the Social Sciences

ABSTRACT

Global logistics companies have realized that in order to keep being profitable and cope with the emerging market trends and requirements, venturing into other markets outside of their normal geographic areas is the way to go. The market entry strategy that is chosen and applied during the internationalization process is very key if success is to be achieved. Consequently, upon successful entry, companies have to adopt an organization culture that fosters their stability in the new markets and encourages more growth. The research objective of this study was to determine how different market entry strategies influence the organization culture that is adopted by global logistics firms venturing into the Kenyan market and in particular Nairobi. Three organization cultures namely; bureaucratic, entreprenual and competitive cultures were studied in relation to 8 market entry strategies preferred by global logistics companies. The study adopted a cross-sectional descriptive survey design where primary data was collected by use of a questionnaire with questions presented on a Likert Type Scale. The target respondents were marketing managers and human resource managers of the 67 registered global logistics companies that have set up in Nairobi Kenya. The study was therefore also a census study. Questions asked bordered general demographics, various methods of market entry strategies into the Kenyan market and how each of them has contributed to the organization culture of that specific company. Data was analyzed using descriptive statistics and Statistical Package for the Social Sciences (SPSS).

The study found out that there is a very strong positive relationship between the market entry strategy used and the organization culture adopted. It was clear from the findings that global logistics companies preferred market entry using licensing, Foreign Domestic Investment (F.D.I) and exporting in that order. These market entry strategies leaned strongly towards adopting a bureaucratic culture. Subcontracting and joint venture strategies adopted an entreprenual culture while mergers, acquisitions and joint ventures adopted a competitive culture. Some of the limitations of this study were lack of failure to achieve 100% respondents rate with only 70% of the companies providing the required data and also the fact that companies upon successful entry may choose to adopt a certain organization culture but later on change it at the discretion of the management mostly upon achieving the required stability in the market. This study did recommend that further research be carried out in addition to the 8 market entry strategies and the 3 organization cultures that were the subject of study. There was also the recommendation that other researchers expand this study to other industries besides global logistics companies with a good recommendation being manufacturing, information technology and even marketing companies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Market entry strategies refers to the institutional plans that enable companies to enter into new markets through either their products, technological know-how, human skills, management or any other resources that it wishes to advance to the foreign markets (Root, 1994). Sarkar and Cavusgil (2006) posit that entry into new markets by multinational companies enable the exploration of resources, maximization of core competencies and accomplishment of the business goals. Additionally, Sharma and Erramilli (2013) posit that market entry modes are organizational settlements which permit companies to monitor and evaluate their merchandise and marketing policies in a horde nation through performing promoting procedures, or both manufacturing and publicizing processes by so doing it or in corporation with others. Blomstermo and Sharma (2003) discussed that firms internationalize in order to widen their scale of operations and not necessarily to gain access to fresh markets or specialized resources.

Increased market entry strategies options especially with emerging and dynamic technology means the conventional methods previously viewed as the best entry strategies have changed. According to Buckley and Casson (1998) the analysis of foreign market entry encompasses making a choice between export, licensing, joint venture, direct foreign investment owned, acquisition, franchising and even sub-contracting. Other foreign market entry strategies are assembly, countertrade, mergers and acquisitions, strategic alliances, third country location and turnkey projects.

Several theories have been put forward explaining internationalization. Penrose´s theory of the growth of the company Penrose (1995) posit that firms venture into foreign markets for profit making and market opportunities that present a growth probability as the major reason for internationalization. According to (Johanson & Vahlne, 1990) behavioral theory, internationalization of a firm is the process through which a company increases its international commitments over time by making foreign market and operations developments and also increasing its allocation of resources to those markets gradually.

The Uppsala theory of a company's internationalization process posit that internationalization is an activity or a process and that the firm has its own behaviors and characteristics. The process is by first acquiring market knowledge, then deciding if to make the market entry after which it creates the activities in the foreign market before finally making market commitment.

As mentioned by Nisha (2016) The strategy for foreign market entry is a very crucial international business's strategic decision. The choice of a strategy for the entry of the foreign market must be made very carefully, because it has long - term implications and cannot easily be changed. The growth of the future of a foreign company venturing into the new market depends on the right way to enter the foreign market. Kieti (2006) argued that choosing a foreign entry mode has a major impact on the future decisions and performance of the entrant into the new foreign markets. The choice of entry strategy also has great implications for the level of capital commitment for a foreign company that is difficult to transfer from one company to another (Zhao & Decker, 2005).

Kornberger and Pitsis (2010) defined organizational culture as a feeling of shared convictions and qualities. It is the way of life of an organization and forms the beliefs and values that an organization stands for. Schein (1985) defined organization culture as having three levels namely; basic assumptions, values and behaviors all which a firm identifies itself with. Hosseini (2013) studied culture as not just a set of beliefs and values but rather a pattern of conduct, artifacts like an organization's physical layout, accounts and narratives that all reinforce those values.

According to Makhlouf (2017), Organizations develop their own culture that reflect their shared values, standards, and preferred approaches to achieving their goals and solving problems. Such organization cultures dictate the way of thinking of the employee, interpersonal relationships, and perceptions of what is the right and what is not, what is an acceptable pattern of behavior and what is not, and what is good for the company and what is not. Petersens and Ibsen (2013) also argued that culture is like a kind of glue that holds or binds the organization's members together in their common goal of carrying on with business transactions.

Currently there are currently 67 registered global logistics firms in Nairobi Kenya. Past research has been done to find out the market entry strategy that they used to get into the market. Ndwiga (2012). However, research on how the companies market entry strategies influence the organization culture has not been done conclusively.

1.1.1 Market entry strategies.

Various market entry strategies are employed by global logistics companies to get into the Kenyan market. Strategic alliances are business relationships which are established by two or more companies that decide to work together with the aim of achieving a common objective, Ndwiga (2012). Another market entry method is franchising which refers to a method through which an organization can market its products and services through allowing the franchisee the legal rights to use their preferred business format, brand name or dealers in other countries according to Johansson (1997). Worthington and Britton (2006) discussed Foreign Direct Investment (F.D.I) as the setting up of production facilities or factories in countries that are in overseas and as a result represents a more direct involvement in the local country's economy. This however is not a very common occurrence with global logistics companies when making market entry into Kenya.

Joint ventures is also another common market entry strategy used by global logistics firms and is the agreement between two or more companies that are independent which leads to the setting up of a third organization that is separate from the initial independent companies according to Doole and Lowe (2001). The company formed takes charge of the market while the other two ease off.

According to Terpstra and Sarathy (1997), market entry strategies used by Multinational Corporations (MNCs) can be categorized into the following. Exporting, which is described as the marketing of goods produced in country A into country B. Exporting can be further segmented to Indirect and Direct Exporting. Nisha (2016), discussed that some companies opt to open manufacturing units in the countries that they are venturing into. They then establish whole ownership and control over them. This market entry strategy is referred to as establishing wholly owned subsidiary. It is very capital intensive and involves having a very committed and qualified management team. Johansson (1997) discussed Licensing as a deal involving a foreign company offering a company in the domicile country the right

to use the technical know-how (patents, trademarks and copyrights etc.) of its companies usually in return for a fee and also a royalty on revenues and sales. Nisha (2006) has also looked at Turnkey Projects which is a market entry strategy whereby project agreements and one nation's business unit agrees to construct an entire plant for the other country's business unit which is then handed over upon completion.

1.1.2 Organization culture.

Dosoglu-Guner (1999), discussed that the market entry strategy is related to the organization culture of the firm venturing into the new market. Kotter (1992) put forward the idea that organizations often have very different cultures and subcultures as discussed below.

As companies keep on getting entry into foreign markets across the world, culture has evolved to be more complex because of various ethnic backgrounds, languages and emerging geographies according to Hosseini (2013). In addition, he stated that it is important for culture not only to be defined, but also to be expressed through business operations, management communication and recognition of employees. This is important because successful brands create wealth by attracting and maintaining customers, and the loyalty of the brand is largely influenced by internal and external stakeholders' cultural values. Bureaucratic Culture refers to a culture that is well-defined and formal with a structured work environment depending on authority, hierarchy and procedures for the smooth running of the company. With bureaucratic organization culture the emphasis is on efficiency, reliability and smooth implementation Stoner (2014).

Also, according to Stoner (2014), Entrepreneurial culture is an inventive environment in which risk-taking, testing and innovation are more important than policies, processes or procedures. There is a strong encouragement for individual initiative and freedom. The environment is dynamic and freewheeling, and duties are not always defined clearly. Competitive culture is another type of culture where there is widespread customer-oriented and goal-oriented attitude with a strong focus on results delivery. Policies, procedures and actions are aligned to meet market and customer requirements. The environment is difficult and competitive with top performers being rewarded and highly regarded while non-performers are in most cases let go from the organization. Stoner (2014)

Community culture is a type of culture whereby there is a friendly working environment. People orient themselves towards relationships and manifest themselves more openly. There is a high level of participation and teamwork. Trust and morality are of great value and sometimes established policies can be ignored in order to keep positive relationships Stoner (2014). Baseball Team Culture (BTC) is a culture that considers employees to be the most cherished possession or assets of the organization. The employees play a major role in the company's successful functioning. In this kind of culture, people always have an upper edge and their organization does not bother them. Trujillo (2009)

1.1.3 Global logistics firms in Nairobi Kenya

There is a total of 67 global logistics companies currently in Nairobi Kenya according to the business list website. Over the years, Kenya has seen a steady increase in the number of global companies setting up in the country. This is corroborated by the World Bank report on the Easy to Do Business Index (2017), which ranked the country 92th in the world and third most improved economy in 2017. This can be attributed to the current infrastructural developments taking place notably the construction of the standard gauge railway (SGR). There has also been an increase in the construction of roads within the city and even at county levels which make accessibility easy and the logistics business lucrative.

According to data in the economic survey (2016), 13,900 kilometers of road had been constructed between 2003 and 2015. The total kilometres of road under earth/gravel has raised from 52,400 kilometres in 2013 to 65,600 kilometres in 2015 due to the introduction of the low volume sealed road technology for road upgrading and for repairs. This is exciting news to global logistics companies eyeing to set up businesses in Kenya. Kenya Airways (KQ) was also allowed to fly directly to New York City. Direct flights between Kenya and the United States open a window of opportunity, particularly to Kenya with the United States being among the largest trading partners to Kenya. Last year, Kenya exported goods worth KES43 billion to the United States. In return, The US imported goods worth KES47 billion. Kenya hopes to increase the export volumes of goods to the US market and this will provide an even bigger incentive for logistics companies to set up in Kenya.

There is also the aspect of Kenya having a modern port at Mombasa and also constructing a new port in Lamu currently which serves as entry points for the goods imported by both Kenya and other East African countries as well as South Sudan and even Congo. Kenya also has a well-educated population with illiteracy levels standing at about 18% according to the Kenya Bureau of statistics.

One of the worldwide logistics companies established in Kenya over the past 5 years is DOB Equity, a leading Netherlands family office. It is investing up to 4 million dollars in Africa Logistics Properties Holding (ALP), a modern grade A warehouse developer and manager. Saskia van der Mast, Investment Manager was quoted during the launch saying, “We believe Kenya is very well located as an entry point and hub for Eastern and Central Africa. DOB Equity hopes to take advantage of the region’s industrialization, growing trade and increasing consumer markets.” TMX Global Coin, a global blockchain logistics company, has also launched in Kenya. TMX Blockchain CEO Antony Njoroge says the company uses blockchain technology to increase the freight logistics business to have more open, clear and democratic processes using a decentralized system where users are able to communicate to each other through an open platform.

DHL Worldwide Express is another global logistic firm that ventured into the Kenyan market back in 1979. In 2017, the revenues of DHL stood at €14 billion with African markets contributing 15% of this revenue. DHL is a perfect example that can be used to show how lucrative the Kenyan market is in terms of logistics business. In August 2017, Japan's third largest logistics company, Nippon Express, established a subsidiary office in Kenya. Nippon Express has prior to this used local agents to export cut flowers and roses from Kenya to Japan. While launching the subsidiary, Nippon Express President Mr. Shigeru Umino announced that the company will establish a structure that meet the needs of the Kenyan customers and also those in East Africa, where sustained growth is anticipated. He also noted in his statement that with the SGR now connecting Nairobi and Mombasa logistics demand is expected to increase due to the reduced time and cost of transport to the inland areas from Mombasa Port.

It is very evident from the few examples of the logistics companies setting up in Kenya that there is a huge market potential and what is needed is the right market entry strategy and the organization culture for success.

1.2 Research problem

Today's business environment is dynamic, complex and continually changing (Brown et al., 2007) hence whichever market entry strategies global companies setting up in Nairobi decide to use must be the most effective and efficient strategy. If a global logistics company is venturing into the market and uses the wrong entry strategy, then it may fail and end up incurring losses as a result as quoted by Kieti (2006). Similarly, if a company manages to successfully make entry into the Kenyan market but adopts the wrong organizational culture then it may end up being unsuccessful. Hosseini (2013). The conventional entry method used by most global logistics firms is exporting of goods and services from abroad into Kenya and also from Kenya to other countries. However, with changing technology global companies nowadays are keen to ensure that the strategy they use to venture into the Kenyan market fits their business model perfectly and that they adopt the right organization culture that marries into the Kenyan logistics business dynamics.

Recently logistics companies have shifted their market entry strategies from the conventional exporting to specific tailor-made entry methods. The major gap is how market entry strategies used by global logistics companies venturing into Kenya influence the organization culture of those companies. Various research studies have been done by different scholars in the past on market entry strategies that are used by global logistics venturing into the Kenyan market, very few researches have been conducted on the influence of market entry strategy on organization culture of global logistics firms in Nairobi Kenya.

Mugambi (2011) studied which foreign market entry strategies are embraced by companies in the export processing zones (EPZ), Gichui (2011) researched on foreign market entry strategies adopted by Eco Bank Kenya Limited (EBK) while venturing into the Kenyan market, Cherop (2011) did a study on the foreign market entry strategies that were used by Fina Bank Kenya when venturing into the East African market, Wachari (2010) studied the contributing factors of foreign market entry strategies embraced by Kenyan companies in

venturing into international markets and Ndwiga (2012), carried out a research project on market entry strategies used by British Multinational Corporations. Ocholla (2013), has also done a research on foreign market entry strategies adopted by paint manufacturers in Kenya.

This study sought to address this knowledge gap by answering the question. How does the market entry strategies applied by global logistics companies to successfully venture into the Kenyan market influence the organization cultures that is adapted upon successful entry?

1.3 Research objectives

The objective of this study was to establish the influence that market entry strategies do have on organization culture of global logistics in Nairobi Kenya.

1.4 Value of the study

This study sought to establish which market entry strategies were best suited for global logistics companies venturing into the Kenyan market. It offered valuable insights into which organization cultures best suit such companies in that industry. The study sought to fill in the knowledge gap that is currently existing in Kenya.

To the academic community this study formed a basis for exploratory research on market entry strategies and organizational cultures for global companies in the logistics business setting up in Kenya.

This study is also very important to the managers of the global logistics firms that have set up in Kenya. It will provide a clear indication of what the right market entry strategies are and also the correct organizational cultures to adapt for success. Global companies wishing to venture into the Kenyan market will find this study extremely valuable as it will indicate the different market entry strategies that are best for logistics companies to be successful and the organization cultures that are associated with such entry market strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focussed on theories advanced explaining how market entry strategies influence the organization culture of global logistic firms.

2.2 Theoretical Foundations

This study included Uppsala theory of internationalization and McKinsey’s 7S Theory.

2.1.1 Uppsala Theory of Internationalization

The Uppsala model is anchored in the behavioral theory of the firm (Cyert & March 1963; Aharoni, 1966). The strength of this theory is founded on the knowledge of how to carry out business operations in foreign or overseas markets on which without the required know-how, the company that goes out to venture into these markets would become handicapped, Carlson (1966). It is also influenced by Penrose´s theory of the growth of the firm, Penrose (1995), which argued that firms that venture into foreign markets do so for profits and market opportunities that present a growth probability hence expansion. The behavioral theory discussed the internationalization of companies as the process through which gradual increase in a company’s overseas involvement by making foreign market and operations developments and also increasing its commitment of resources to those overseas markets takes place (Johanson & Vahlne, 1990). Of importance to note is that the Uppsala theory is a dynamic model that describes internationalization as a process while explaining its characteristics.

The Uppsala model has four dimensions namely market knowledge, commitment decisions, creating or current activities and market commitment. Market knowledge acquired by global firms combined with second-hand knowledge (i.e. knowledge obtained by firm’s network partners) apparently permits organizations to gather the necessary knowledge and consequent experience to increase their international expansion (Costa e Silva, Pacheco, Meneses, & Brito, 2012). Companies initially gain knowledge and experience from the local markets before moving out to foreign markets. They then set out their foreign operations from culturally or geographically countries that are close and move

gradually to countries that are culturally and geographically farther away. Lastly, they start their foreign operations by using traditional exports and gradually move to using more intensive and demanding operation strategies both at the company and the target country. For global logistics firms venturing into the Kenyan market, most prefer to use the traditional exporting method of entry when starting off before they get intensive and start operating in other ways. This theory is expressly clear that the competitive advantage, sustained success and opportunities that firms have when making market entry are subject to the level of resources and research done in the foreign country prior to entry.

The Uppsala model however is critiqued as being too deterministic because the evolution of time predicts its principles. All its advances are based and hugely controlled by the environment in which the company exists or plans to internalize. The model does not therefore take into account the interdependence between various markets in the different countries which a company operates under according to John T. Steen (2017). It has also been constantly claimed that the model builders use a narrower interpretation of learning than what is allowed by the literature. This in turn limits the ability of the model to clearly explain certain methods of internationalization behavior. Forsgren (2002).

2.1.2 McKinsey 7S Framework.

The McKinsey 7S theory framework is a management model that was developed by business consultants working at the McKinsey&Company consulting firm Robert H. Waterman, Jr. and Tom Peters in 1980. McKinsey's 7S framework is a model or tool for studying organizations and how effective they are. It looks at the seven key factors that enable organizations to be successful: The seven elements are; strategy, structure, systems, shared values, style, staff and skills. Singh (2013). The model is founded on the theory that, for a company to perform well, all the seven elements must have to be well arranged and mutually complement each other. The model therefore can be used to help identify what has to be realigned or changed in order to better performance during other types of changes that may include restructuring, new processes, organizational merger, new systems or change of leadership for example. Simon and Schuster (2011). The model can be used to show and understand how different organizational elements are related.

Global companies seeking to venture into the Kenyan markets must have the 7S. A strategy which will contain the plans in response of the changes in its external environment. The strategy must look at competition and the market needs. Structure is the other S. This is the basis of specialization and co-ordination in the new markets. Staff is key. This refers to the human resource and the people management process that defines work relations and socialization processes. The other S is systems which is simply the specialization and co-ordination as influenced by strategy, size and diversity of the organization. Skills are the competencies that employees have in relation to the work that needs to be done. Shared values are core ideas around which a business is based and have great meaning inside the organization despite the fact that outsiders may not see or understand them. Lastly there is Style or Culture. This is made up of Organizational culture; which is simply the dominant values, beliefs, and norms which progress over time and become enduring characteristics of organizational life and Management style which refers to how managers spend their time on and what they are focusing at. (Hanafizadeh, Payam & Ravasan, Ahad Zare, 2011)

Culture or style has several attributes according to Alshaher (1996). Leadership which involves key decision making and problem solving when challenges are encountered upon market entry, Management which involves ensuring that policies and procedures are followed and that the business objectives are met in a timely manner and Communication which involves passing of the intended message across the various departments in the organization and also from management to all employees. Finally, there is organization culture which encompasses all the above dimensions and incorporates them to ensure the company has shared beliefs, norms and practices. This also gives it a unique identity to the organization.

2.2 Empirical studies and research gaps

The type of market entry strategies used by global logistics firms to set up in Nairobi play a key role in determining the culture that the organization will have. Usually the culture of global organizations is dictated by the parent company, but this is not always the case. For example, a global company that uses Foreign Direct Investment (FDI) will most likely adopt a bureaucratic culture in a bid to protect its investment and recoup its ROI. On the other hand, most global companies that use franchises are better of acquiring an

entreprenual culture in order to encourage creativity. A perfect example is the Uber Company which gives drivers the freedom to decide when to work and when to rest with flexibility.

A competitive culture cuts across all market entry strategies. This is the case because all global logistics organizations venturing into the Kenyan market face competition from both local companies and the international ones. It is natural for businesses to compete for markets hence this culture can be said to be standard. Companies that carry out exporting activities adopt a community culture whereby employees working on the freight cargoes are encouraged to speak out and be team players. This is crucial as it helps minimize loses.

There are various market entry strategies that various global logistics firms can use to enter the Kenyan market all depending on what they hope to achieve. Market entry strategies are described as the set-out way of ensuring goods and services are delivered to the target market in addition to acquiring raw materials and also carrying out distribution of the products or even services. It is also the establishing and getting contracts signed to carry out exports and imports business in some situations or business.

The most common and conventional way of market entry by logistics firms into the Kenya markets is through exporting. Terpstra & Sarathy (1997), defined exporting as the process through which goods and services produced in one country are marketed and sold to another country. Pavord and Bogart (1975), concluded that there are some exporting companies that have laid down plans and objectives in terms of products, services, pricing, distribution and even how research in the new market will be carried out. This type of exporter is called an aggressive exporter. On the contrary a passive exporter is one who does less searching and waits for customers to reach out to him for services and products.

Doole & Lowe (2001) discussed direct exporting as when an exporter sells to the customer who is located in a foreign country directly. The exporter takes care of the exporting process from market research, sourcing for customers, negotiating prices to handling documentation and finally the distribution of the products and services. Direct exporting is different from indirect exporting in the sense that exporting company exports its products and services to a different organization in the market of a foreign country in indirect exporting. This is mostly the case where the exporting company does not have a lot of

resources to engage in the foreign market directly or is not willing to take the risks and complexities that arise with direct importing. Hollensen (1998).

Doole & Lowe (2001), defined franchising as a way through which the company that seeks to gain entry (franchisor) into the market grants the local or existing company (franchisee) the legal right to use their business format, brand name, trademark or dealers to sell their products locally. For global logistics companies venturing into the Kenyan market, this provides the quickest, easiest and cheapest way to enter the market Keegan & Schlegelmilch (2000). Johansson (1997) discussed licensing as an entry method whereby the global company offers the local existing company in the market the rights to use its proprietary technology and knowledge including some patented innovations for carrying out business and in return receives a percentage of revenues (royalty). A good example of a logistic firm in Kenya that has done this is Uber Kenya which uses the Uber Global application and platform to carry out transport business and in turn receives about 15% of all revenues that are generated in Kenyan with Uber Kenya keeping 10% for itself. The biggest advantage of licensing is that no capital is tied in operations when venturing and the management and control involved is very minimal and cost friendly. On the other hand, the disadvantage is that the company giving the license risks suffering a reputation damage if the licensed firm mismanages or engages in malpractice.

Mintz and Weichenrieder (2010) defined FDI as an investment that is undertaken to achieve a long-term goal in a firm which is set up in a different country from the investing country. The investing firm makes direct investments in facilities and resources which enable it to carry out production or even marketing as quoted by (Paskwelina 2017). FDI can be in two ways namely acquisition and mergers: In acquisition, the investing company buys an existing company in the target market hence a high capital outlay or purchases production facilities, distribution lines and markets. There is also the involvement of purchasing assets such as land and buildings, motor vehicles and inventory. For mergers, the investing company merges with an existing company in that market to form a bigger more financially stable company. Mostly this is done to deal with competition in the market as quoted by Ocholla (2013).

Various studies have been conducted to establish the link between market entry strategies and organization culture. Craig J Russell (2005) conducted a study on the association that links cultural distance to the choice of entry method and found that there is strong negative co-relation linking cultural distance to the choice of entry mode for US-based MNEs. The co-relation between cultural distance and international diversification was negative for high-tech industries, while it was positive for other industries.

Johannes M. Pennings (1996) studied longevity of foreign entries. He concluded that cultural distance is an important factor in any foreign entry whenever it has to do with another company requiring the company to engage in ‘double layered acculturation’. The durability of acquisitions is positively affected by the company’s previous entries in the existing country. Similarly, the endurance of foreign entries, in which the company has a majority stake, improves when the expanding company engages in prior entries in the existing country and in other countries within the same cultural block.

Based on the above reviews, there is need to do more research on how market entry strategies impact on the overall organization culture adopted by a company upon successful entry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sought to provide insights on how the research was conducted in line with the study objectives. Research methodology involved specifying research the design to be used, data collection techniques and data analysis tools to be used.

3.2 Research Design

The research paper was a cross-sectional descriptive survey design. Research design involved planning, organization, collection and analysis of data in order answer questions like what techniques were used to gather data? What sampling methods, strategies and tools were used? Research design provided the conceptual framework within which research was conducted and indicated how data collection, measurement and analysis was done. Kothari (2007)

According to Saunders, Lewis and Thornhill, (2003) a descriptive survey is insightful for planning, monitoring and evaluating policies. A descriptive study was thought to be a suitable research design because it is an appropriate strategy for answering research questions which do not require control regarding the events (Yin, 1994). It aims to collect and summarize data in a clearer and more understandable way by use of tables.

3.3 Population of the study

Mugendi and Mugendi (2003) explained that a population is a group of individuals or objects that contain the same form of characteristics of study interest. As at 1st June 2018 there were 67 registered global logistics firms is Nairobi according to the Kenya's registrar of company's website. This was the target population for this study. The study was therefore a census study.

3.3 Data Collection

This refers to the technique used by researchers to obtain information from respondents. The type of data collected is primary data. This was based on research objectives that were

being aimed at. Questionnaires were used to collect the data. The reason for this is because questionnaire reduced the probability of bias by ensuring questions asked were uniform. The questionnaires comprised both open and closed ended questions and three sections: Demographic data, market entry strategies and organization culture.

The respondents were presented with questions on a Likert Type Scale. The questions were based on various methods of market entry into the Kenyan market and how each of them has contributed to the organization culture in place. The respondents studied were the marketing managers and or human resource managers of the logistics companies within Nairobi. This was because their roles had a strong connection to market entry strategy and organization culture.

3.4 Data Analysis

The data on the questionnaires being quantitative in nature was studied using descriptive statistics i.e. frequencies, percentages, measures of central tendency (mean), and measure of dispersion (standard deviation). To establish relationship between the variables, regression analysis was performed. The regression equation was based on;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + e$$

Where

Y = Organization culture

X = Various market entry strategies

β_0 = Co-efficient of correlation

e =Error Term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter shows the data findings, discussions and their interpretation. The reason for this study was to establish how market entry strategies used by global logistics firms in Kenya influence the organization culture. Response was sought from the 67 global logistics firms in Kenya with 47 of them being very cooperative in filling the forms. This indicates a 70% response rate which is a good representation of the global logistics firms in Nairobi Kenya for purposes of this study.

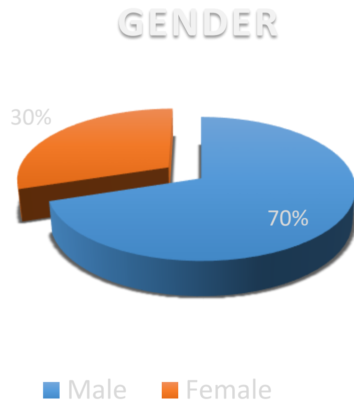
4.2 Demographic Information

The study sought to find out the background characteristics and information of the various respondents that were requested to participate in the study. The information requested involved; gender, age, the level of education and the length of service within the organization. This information was important in ascertaining how suitable the respondents are in taking part in the questionnaire with particular emphasis being able to see that they are conversant with the market entry strategies used by the company as well as the different cultures that the company has.

4.2.1 Gender of respondents

The respondents were asked to indicate their gender and the following was established as indicated in the below chart.

Figure 1: Respondent gender



Source: Author (2018)

70% of the respondents were male while 30% were female. This shows that there is indeed a big gap in terms of the gender disparity in global logistics firms in Nairobi Kenya.

4.2.2 Age group.

The respondents were requested to indicate what their age bracket is, and the responses were as per below Table 1

Table 1 : Age group

Years	Frequency	Percentage
20-29	38	81
30-39	6	13
40-49	2	4
50-59	1	2
Total	**47**	**100.0**

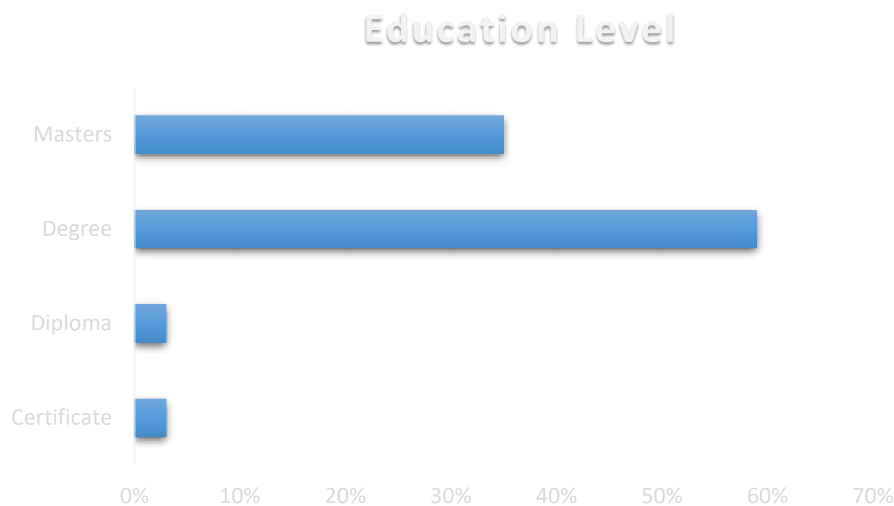
Source: Author (2018)

From the study, a massive 81% of the 47 respondents were between 20-29 years while only one respondent was between 50-59 years. This shows that the age bracket with the highest number of respondents is the 20-29 years. This shows that firms value the young and energetic people (youth) and believe that they are the future of the organization.

4.2.3 Education levels

The respondents were requested to state what their highest qualification was. The results were as per the below graph.

Figure 2: Education level



Source: Author (2018)

Of the 47 respondents, 59% had a master's qualification while 39% had a bachelor's degree. 3% had certificate and further 3% had a Diploma. This depicts that 94% of the respondents had a degree and above qualification.

4.2.4 Length of service with the firm

This question was meant to establish how long the respondents had worked with their respective companies with an aim of establishing how conversant they are with it.

The findings were as per below Table 2

Table 2: Length of service with the firm

Years	Frequency	Percentage
0-2	12	26
3-5	26	55
6-10	1	2
11-15	7	15
above 15	1	2
Total	**47**	**100**

Source: Author (2018)

Majority of the respondents at 55% had quite a good experience with the firm and had stayed between 3-5 years. 26% had stayed between 0-2 years and 15% were serving between 11-15 years. 2% were between 6-10 years and only 2% were 15 years and above. This shows about 15% are in management complimenting the 81% of the employees with 0-5 years.

4.3 Market entry strategies used by global logistics firms to venture into the Kenyan Market.

The study had an objective of establishing the various market entry strategies used by global logistics firms when setting up in Kenya. A Likert scale was used to get answers from the various respondents where they were tasked with rating the entry strategy with 1(to a very low extent), 2(to a low extent), 3(Null), 4(to a great extent) and 5(to a very great extent).

The findings show that global logistics firms to a very great extent used the licensing entry method (4.26), foreign direct investment FDI (3.91) and exporting (3.43), and to a great extent acquisition (3.09) and sub-contracting (3.17) mainly attributable to the flower firms which sub-contract flower brokerage firms as well as cold storage rooms for flower preservation. Franchising (2.91), Mergers (2.81) and joint venture (2.76) were used to a very low extent as shown in Table 3.

Table 3: Market entry strategies

Variable	Percentage	Mean	Std Dev
Our company entered the Kenyan market by licensing	16%	4.26	1.010
Our company used the exporting strategy to enter the Kenyan market	14%	3.63	1.315
Our company entered the Kenyan market by foreign direct investment (FDI)	15%	3.91	1.427
Our company entered the Kenyan market by franchising	11%	2.91	0.952
Our company used the acquisition strategy to enter into the Kenyan market	12%	3.09	1.020
Our company entered the Kenyan market by mergers	11%	2.81	0.924
Our company entered the Kenyan market by joint venture	10%	2.76	0.974
Our company entered the Kenyan market through sub-contracting	11%	3.17	1.167

Source: Author (2018)

4.4 Organization cultures adopted by global logistics firms.

Respondents were requested to state to what extent their organization practiced the different cultures stated in the questionnaire with the aim of establishing the organization cultures adopted and to relate them to the market entry strategy used.

Three organization cultures namely bureaucratic, entreprenual and competitive were put forward.

4.4.1 Bureaucratic culture.

The respondents were requested to indicate the extent to which the company practiced the practices listed in the table 4 below. A Likert scale was used to get answers from the various respondents where they were tasked with rating the entry strategy with 1(to a very low extent), 2(to a low extent), 3(Null), 4(to a great extent) and 5(to a very great extent).

The findings indicated that division of labour was practiced to a very great extent (4.62)

while having standard operating procedures (4.57), having a clear hierarchy (4.51) and having a high degree of formality (4.32) are all practiced to a great extent.

Table 4: Bureaucratic culture

Variable	Mean	Std Dev
Our company has a high degree of formality	4.32	0.86
There is a clear hierarchy in our organization	4.51	0.62
Our company has standard operating procedures	4.57	0.77
Our organization has a clear division of labour	4.62	0.74
Average	**4.51**	**0.75**

Source: Author (2018)

4.4.2 Entreprenual culture

The study sought to find out how an entreprenual culture is being practiced within the organization. From the findings, employees were encouraged to take risks to a very low extent (3.91) with the standard deviation on this being very large on this. However, many of the organization valued innovation (4.55), encouraged employee openness (4.60) and valued learning and development (4.60) to a very great extent as illustrated by the table 5 below.

Table 5: Entreprenual culture

Variable	Mean	Std Dev
Our organization encourages employees to take risks	3.91	1.33
Our company values innovation	4.55	0.62
Our company encourages employees openness	4.60	0.54
Our organization values learning and development	4.60	0.74
Average	**4.41**	**0.81**

Source: Author (2018)

4.4.3 Competitive culture

With regards to a competitive culture, all the responses pointed out that indeed all the companies being studied have a competitive culture with customer focus (4.45), emphasis on results delivery (4.55), having company policies aligned to meet customer needs (4.53) and rewarding high performance while punishing non-performance at (4.06). This can be illustrated by table 6 below

Table 6: Competitive culture

Variable	Mean	Std Dev
Our company is very customer focussed	4.45	0.62
Emphasis is on delivering results	4.55	0.65
High performance is rewarded while non-performance is punished	4.06	0.82
Company policies are aligned to meet customers' needs	4.53	0.80
Average	**4.40**	**0.72**

Source: Author (2018)

4.5 Regression Analysis

Analysis of variances was conducted between the variables of organizational culture against market entry strategies with the aim of establishing if there are any statistically major differences between the mean of the variables, and the results established. That the F value was 2.558 and was significant when the p value was (0.000), this means there was a positive linear relationship between the market entry strategy and the organization culture as shown in table 7

Table 7: Regression Analysis

ANOVA[a]					
Model	**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Regression	10.187	8	1.273	2.558	.025[b]
Residual	18.919	38	0.498		
Total	29.106	46			

Source: Author (2018)

a. Dependent Variable

b. Bureaucratic culture

Predictors: (Constant), Our company entered the Kenyan market through sub-contracting, Our company entered the Kenyan market by franchising, Our company entered the Kenya market by licensing, Our company used a joint venture to enter the Kenyan market, our company entered the Kenyan market by foreign direct investment (FDI), Our company entered the Kenyan market by mergers, Our company used the acquisition strategy to enter the Kenyan market, Company used the exporting strategy to enter the Kenyan market.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.511	.698		5.034	.000
Our company entered the Kenyan market by licensing	.923	.109	.293	2.092	.043
company used the exporting strategy to enter the Kenyan market	.885	.122	.484	2.477	.018
our company entered the Kenyan market by foreign direct investment (FDI)	.901	.090	.335	2.081	.044
our company entered the Kenyan market by franchising	.528	.129	.008	-.053	.958
our company used the acquisition strategy to enter the Kenyan market	.532	.153	.539	2.960	.005
our company entered the Kenyan market by mergers	.546	.141	.326	1.965	.057
our company used a joint venture to enter the Kenyan market	.544	.127	.014	.101	.920
Our company entered the Kenyan market through sub-contracting	.562	.123	.017	.093	.926

a. Dependent Variable: our company has a high degree of formality (Bureaucratic culture)

With reference to the table 4.8, the equation ($Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8$) becomes:

$Y = 3.551 + 0.923X_1 + 0.885X_2 + 0.901X_3 + 0.528X_4 + 0.532X_5 + 0.546X_6 + 0.544X_7 + 0.562X_8$

Where Y is the dependent variable Organization culture

X1, X2, X3, X4 . . . . – Different market Entry Strategies

4.7 Discussion of findings.

Various market entry strategies are used by global logistics organizations venturing into the Kenyan market. However, licensing is the most common method of entry. This can be attributed to the fact that every company being incorporated in Kenya whether a subsidiary or branch must be registered with the registrar of companies before commencing operations. This is in accordance with the Company's Act Cap 486. The study is therefore very factual when it shows licensing as the highest method of entry strategy at 16% which is 6% more than the least adapted strategies of acquisition, mergers and franchising which are at 11%-12%. Foreign Direct Investment (FDI) is also a highly preferred market entry strategy with 15% of the research findings outlining the market entry strategy as that used by the firms to set up in Kenya. The reason for this is because most logistics companies when venturing into the Kenyan market will incur some costs which they can directly attribute to their activities. Such activities may include leasing of an office space, asset acquisition such as motor vehicles (trucks), land, warehouses and even manufacturing plants for those that are exporting goods overseas. In addition, some companies have to acquire specialized labour and this forms part of the foreign direct investment costs.

The least common market entry strategies are namely acquisition, mergers, joint ventures and franchising. At between 10% and 12% this entry strategy ranks 6 points behind the best preferred market entry strategy. This can be attributed to various factors. With mergers, the cost involved in evaluating the business processes and models of the merging companies in addition to the valuation of the correct market share makes it a very unfavorable market entry strategy. There is also the issue to do with having to merge the managements of the different companies seamlessly which is easier said than done. Acquisitions are also tedious and risky market entry strategies with respect to valuation of the correct market value of the firm being acquired as well as the legal costs of carrying out the entire process. Franchising is also very bureaucratic and requires a lot of management supervision which makes it a not so ideal market entry strategy for global logistics firms in venturing into the Kenyan market.

Based on the market entry strategy, various companies adopt different organization cultures which sets out the generally accepted code of behavior or conduct in that organization. According to the research the dominant market entry strategy is licensing followed closely by FDI and then exporting. A similar conclusion was arrived at by Ochola (2017) when researching market entry strategies used by plastic manufacturing companies in Kenya. The dominant culture is bureaucratic culture followed closely by entrepreneurial culture and then competitive culture. It is clearly evident that bureaucratic culture is highly correlated with licensing, FDI and exporting while the competitive culture has the least relationship with the three market entry strategies as also discussed partially by Paskwelina (2017). For entreprenual culture, the market entry strategies with the highest influence on this culture are sub-contracting and joint ventures. However, this market entry strategies are not as commonly used as those associated with bureaucratic cultures. The other market entry strategies namely franchising, acquisition and mergers have the least correlation with the bureaucratic culture in this study owing to the fact that they are the least used methods of market entry in this study. They influence a competitive culture to a very great extent.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.

This chapter discusses the key findings and results from the data analysis done in chapter four. Conclusions and recommendations are then done with reference to the specific research objectives of this study which was to find out how market entry strategies influence the organization culture adopted by global logistics firms in Nairobi Kenya.

5.2 Summary

Organization cultures studied were bureaucratic, entreprenual and competitive cultures. The Competitive culture had the lowest cumulative mean (4.4) and this indicated that it is the least adapted culture from the research when FDI, exporting and licensing are preferred. Entreprenual culture had a cumulative mean of (4.1) which also indicates that when the same market entry strategies are preferred then they it is not the culture that is adapted. This is all in comparison to the bureaucratic culture which has a cumulative mean of (5.1) which indicates that it is the best preferred culture where FDI, exporting and licensing are the market entry strategies.

For market entry strategies, the preferred entry strategy is licensing at 16% followed closely by foreign direct investment at 15% and exporting at 14%. The 3 market entry strategies can be said to be the most preferred because of the following arguments. Global logistics firms have parent companies in other countries and therefore have to be licensed to operate in Kenya by the head offices. They then end up registering in Kenya as either branches or a representative office. Foreign direct investment (FDI) is the case because most of the companies purchase assets when setting up to aid in their operations and these assets include land, building and even vehicles. For exporting, logistics companies coming to Kenya do so aiming to move goods and services from Kenya to overseas and vice versa.

5.3 Conclusion

From the findings of the research the following conclusions can be arrived at.

The market entry method chosen by a global logistic firm venturing into the Kenyan market plays a key role in determining the organizational culture that will be adapted upon successful entry. Bureaucratic culture is the most adapted culture for companies that use the license market entry strategy, Foreign Direct Investment (FDI) and also exporting. For companies that use the sub-contracting and joint venture market entry methods, an entreprenual culture is adapted while those that prefer getting in through franchising, acquisition and mergers adapt a competitive culture majorly due to the heavy set up costs incurred that are supposed to be recovered back in the shortest time possible.

Secondly, global logistics companies venturing into the Kenyan market, are very compliant with regards to following the law an argument that can be supported by the fact that licensing strategy is at 16% and the highest strategy used. Thirdly the global logistics companies entering the Kenyan have financial muscle and are investing in assets as they set up their operations. This is supported by FDI coming in as the second-best preferred entry strategy at 15%.

Most importantly this study has corroborated the Uppsala Model Theory of internationalization that posit internationalization as a process and not a one-time event that takes place in a one-off occurrence. This is supported by the fact that companies have different market entry strategies that can be related and sometimes even concurrently applied over time to get the best results. The McKinsey 7S theory also passes the test in this study as organization culture involves strategy, structure, systems, shared values, style, staff and skills all packaged to give an identity to the company that is setting up.

5.4 Recommendations

This study recommends that further research be done on the various other types of market entry strategies besides what has been done. Of importance is the fact that technology has really diversified market entry strategies and further research should be done in this area. There is also the need to carry out further research on the other organizational cultures with special preference or emphasis on emerging cultures. For example, google has adopted a

purely innovative approach where employees are encouraged to come up with new products and develop captivating ideas that will make the company keep ahead of the game. This type of culture where it is strictly technological innovation can form a good research area. Lastly there is need to study market entry strategies and organization cultures of companies in other industries such as manufacturing, telco Mutema, (2017).

5.5 Limitations

The findings of this study do not represent the global logistics industry in its entirety. The reason is because a sample of 44 companies was used and therefore the findings may not necessarily represent the entire populations with total accuracy.

The results of this study should also be used cautiously owing to the fact that companies change the organization culture at the discretion of management and therefore the culture influenced at the market entry point may not necessarily be the same culture years later when the research is done.

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APPENDIX: QUESTIONNAIRE

The following questionnaire aims at collecting data and information that will aid in facilitating research. The information provided will be treated with ultimate confidence.

SECTION A: Demographic Data

Kindly tick where appropriate

Department: ______________________ Job Title: ____________________

Gender:

[ ] Male [ ] Female

Age group:

[ ] 20-29 years [ ] 30-39 years [ ] 40-49 years

[ ] 50-59 years [ ] 60 years and above

Education Level:

[ ] PHD [ ] Masters [ ] Degree

[ ] Diploma [ ] Certificate

Length of service with the firm:

[ ] 0-2 years [ ] 3-5 years [ ] 6-10 years

[ ] 10-15 years [ ] Above 15 years

SECTION B: Market entry strategies

On a scale of 1-5 with 1-to a very low extent ,2-to a low extent,3-Null, 4-to a great extent and 5 -to a very great extent kindly indicate the extent to which the following market entry strategies were considered in your firm.

Market entry strategies	**1**	**2**	**3**	**4**	**5**
Our company entered the Kenyan market by licensing.					
Our company used the exporting strategy to enter the Kenyan market.					
Our company entered the Kenyan market by Foreign Direct Investment (FDI).					
Our company entered the Kenyan market by franchising.					
Our company used the acquisition strategy to enter the Kenyan market.					
Our company entered the Kenyan market by mergers.					
Our company used a joint venture to enter the Kenyan market.					
Our company entered the Kenyan market through sub-contracting.					

SECTION C: Organization Culture

On a scale of 1-5 with 1-to a very low extent ,2-to a low extent,3-Null, 4-to a great extent and 5 -to a very great extent kindly indicate the extent to which the following organization cultures are applicable in your firm.

Bureaucratic culture	**1**	**2**	**3**	**4**	**5**
Our company has a high degree of formality.					
There is a clear hierarchy in our organization.					
Our company has standard operating procedures.					
Our organization has a clear division of labor.					

Entreprenual culture	**1**	**2**	**3**	**4**	**5**
Our company encourages employees to take risks.					
Our company values innovation.					
Our company encourages employee openness.					
Our organization values learning and development.					

Competitive culture	**1**	**2**	**3**	**4**	**5**
Our company is very customer-focussed.					
Emphasis is on delivering results.					
High performance is rewarded while non-performance is punished.					
Company policies are aligned to meet customer needs.					

THANK YOU.