CHALLENGES OF IMPLEMENTATING OF ENTRY STRATEGIES AND COMPETITIVE ADVANTAGE OF CHINESE MULTINATIONAL CORPORATIONS IN KENYA

BY

OBIERO, MAUREEN ALICE

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

NOVEMBER 2018

DECLARATION

This research project is my original work and has never been handed over to any other academic institutions for partial award of postgraduate degree.

Signed ________________________________ Date ________________________________

OBIERO, MAUREEN ALICE

D61/72802/2012

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

Signed ________________________________ Date ________________________________

PROFESSOR ZACHARY BOLO AWINO

ASSOCIATE PROFESSOR

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this research project to my family for to their unwavering support and encouragement all through this research project.

ACKNOWLEDGEMENT

I take this opportunity to thank my supervisor Professor Zachary Bolo Awino who contributed and extended his valuable assistance to me in the preparation of this research project to its completion. I also would like to thank my family for their encouragement and support.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

A firm whose profits are more than the average profits of the industry makes it to have a competitive advantage over its rivals. The aim of the particular strategy is to achieve a competitive advantage that is sustainable. Competitive advantage is gained by an organization over its competitors from an understanding of both markets and customers and special competences that possesses. This study answered the following question: what are the challenges facing implementation of market entry strategies and how they influence the competitive advantage of Chinese Multinational Corporations in Kenya. Cross sectional design was used for the studywhich involve collection of data on the study population at a single point in time and this aims at examining the association between the interest variables. Cross sectional research design was useful in that it can be used in proving and disproving assumption, it can be used to capture data at a specific point in time, it also contains multiple variables during the period of data snapshot and the data can be used for various research types. The target population of this study was 18 Chinese multinational companies in Kenya. The target respondents were the marketing and operations managers in these companies. Primary data was used, which was collected by the use of a structured questionnaires. Before data is collected, an authorisation form was collected from the University authorising the researcher to undertake this study across the target population of 18 Chinese multinational companies. This letter was important in providing credibility on the part of the researcher that the research was authorised from a credible institution of learning. Qualitative data was analysed by use of thematic content analysis, which involves the identification, examination, and recording of themes in a data set. Quantitative data was analyzed by the adoption of descriptive statistics and a statistical package for social sciences (SPSS version 22) was also used. Furthermore, regression analysis was adopted in establishing the relationship existing between the challenges of implementation of entry strategies and competitive advantage of Chinese multinational companies in Kenya. The study found that resources, strategy commitment and organizational leadership had a positive relationship with the implementation of market entry strategy and completive advantage. However environmental factors had a negative relationship with the implementation of market entry strategy and completive advantage. The study recommends that the corporations should increase leadership trainings so as to improve on the leadership skill of the leaders;should make staff aware of market entry strategies in their organization;should ensure that there are adequate staffs with adequate skills and capabilities in the organization as these aspects have a resultant impact to the implementation of the entry strategy and competitive advantage in the market that they operate in. It also recommends that there are enough assets that are required in the implementation of market entry strategy.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Firms whose profits are more than the average profits of the industry tend to have more competitive advantages compared to its business rivals (Porter, 1985). The purpose of using a particular strategy is to attain a competitive advantage that is sustainable. Competitive advantage is gained by an organization over its competitors from an understanding of both markets and customers and special competences that it possesses (Porter, 1985). Where a firm is in a position of delivering similar services compared to those of a competitor, though at a relatively lower cost, or delivers benefits more than those of its competitors, it is perceived to have gained a competitive advantage. Strategies used in a market entry are therefore considered important and they involve in-depth potential customers and competitors' analysis (Njue, 2014).

Two theories have been discussed to outline how these companies can still remain competitive in the market and also be sustainable. The open system theory and the resource based theory are important theories in the discussion of competitive advantage and implementation of entry strategies. The resource based theory indicates that to form a sustainable competitive advantage from a short-run competitive advantage, the organization needs resources that are diverse in nature and they should not be perfectly mobile (Narasimhan& Zhang, 2000).

The open system theory which is also linked the resource dependency theory argues that for an organization to survive, it is dependent on its association with the environment (Nyakundi, 2016). Competition, localization of prize, subsidies and trade barriers that exist are some of important factors to consider while selecting an entry strategy. Kenya is currently experiencing challenges such as high poverty levels, low rate of development, slow economic growth and high unemployment rate.

The investment of Chinese Multinational Corporations in Kenya improves the economic growth of the country, reducing unemployment rate and reduction of poverty. In spite of the formulation of various market entry strategies by Chinese firms, their implementation has been facing various challenges which influence their competitive advantage negatively. This study seeks to provide information that can be used to improve implementation of market entry strategies in Kenya so as, to improve the competitive advantage of Chinese Multinational Corporations in Kenya.

1.1.1 Concept of Entry Strategy

Strategy is defined as a long plan that is designed by an organization with an aim of achieving specific goals (Hiriyappa, 2009). Strategies can be used in fields that include military, economics, business and commerce, among others. Shama (2000) indicates that an entry strategy is a technique that is used by a company that aims at starting a business in a foreign state. Moreover, strategy is an institutional arrangement used in ensuring that technology, human skills, resources, management and products enter a new market in a foreign country.

Therefore, market entry strategy is very fundamental and entails an in-depth analysis of their potential competitors as well as their customers. Competition, localization of prize, subsidies and trade barriers that exist are some of important factors to consider while selecting an entry strategy (Narasimhan& Zhang, 2000). After a firm makes decision to enter into an international arena, a choice in regard to the appropriate mode of entry of the organization’s foreign activities in business is made. There are various strategies that a company can therefore use to enter a new market. The two major entry modes are: non-equity mode that is inclusive of licensing, franchising, exporting and agreements that are contractual, equity mode that includes joint venture and subsidiaries that are wholly owned.

Export and import is the market entry technique that offers least control in the market and lowest risk level. On the other hand, direct investments offer the highest control in the market as well as highest risk and return on investment. The entrant in this case in the new market will have a better advantage over its competitors and high rate of return on its investments.

A wrong strategy can lead to a firm's failure. The market entry strategies determine how well a company will remain competitive (Njue, 2014). A company or firm that has a strategy is more likely to remain competitive in the market place while that which does have a strategy in place or is not clearly defined is likely not to be competitive. Entry strategies by a firm should therefore be chosen wisely to ensure that they are favorable to the firms' competitive advantage.

1.1.2 Competitive advantage

Competitive advantage of any organization is considered as the strategic advantage that is gained by one business over its rivals in the competitive industry. Achievement of a competitive advantage leads to strengthening the business and placing it in a position that is better in the business environment. Porter (1980) argued that when a company has an edge over its rival's customer and secures its competitive defense tactics it therefore has a competitive advantage.

The theory of competitive advantage indicates that policies that lead to high quality goods should be selected to sell the goods at a high price in the market. Competitive advantage can therefore be described as features of an organization that are unique comprising of organization's products which the target market perceives to be superior and significant to its competitors. (Karkkainen, 2005) indicates that this therefore provides a better advantage to the new entrant in the new or foreign market.

The sources of competitive advantage include providing the highest-quality product, more value for money, superior customer service, having a more convenient geographic location and achieving lower costs than rivals. Use of implementation strategies on companies can help it to become competitive in the market and increase its market share and profitability.

A firm which has achieved a high market share and profitability is said to have survived in the market and is therefore a competitive firm and its success is measured using the objective criteria such as profit, sales revenue, return on investment, market share, and subjective criteria such as improved quality of services delivered and enhanced reputation with customer, suppliers, and competitors (Mutua, 2013). Competitive advantage is based on the advantages that the competitors cannot imitate the firm easily and that the organizations should embed deeply the competitive advantage in terms of skills, resources, investment over time and culture.

1.1.3Challenges of implementation of entry strategies and competitive advantage

Karkkainen (2005) states that management strategy can be understood as a process that puts organizational plans and strategies into action to reach goals. According to Njue (2014), internationalization of operations by firms is because of a host of reasons that are different & both general and specific. These strategies that a company uses in its entry into a new market face various challenges in their implementation. This also threatens not only their competitive advantage but also the survival of the organization in the market.

According to Beer & Eisenstat (2000), organizations have difficulties in implementation of strategies. Some of the problems that lead to the challenge of implementation include lack of strategy commitment, unawareness or strategy misunderstanding, poor coordination, competition lack, environmental factors that are uncontrollable, management implementation roles are weak, inadequate capabilities, unaligned organizational systems and resources and competing activities.

The characteristics of an organization including policies, rewards, leadership, ownership and structure act as challenges to the entry strategies' implementation (Burnes, 2000). Therefore, the challenges can be both operational and institutional. Operational challenges may impede the speed at which an organization responds to external forces. Institutional challenges on the other hand may hinder it from moving to the next level in terms of growth.

Companies tend to seek opportunities in the global markets due to increased competition from both the global and domestic competitors, reduced growth rates in the market and market size shrinking. Nonetheless, the entry into a new market success is dependent on how the incumbent firms that are already in the market will react (Burnes, 2000).From the management strategy and marketing literature, the incumbent firms trend to use strategies that are defensive to discourage entry into the market due to new competition or in order to defend their market after a new competitor enters the market.

Implementation of strategy faces many challenges and especially in an environment that is turbulent thus the need to address them on a continuous basis so as to achieve the objectives that are long term. Therefore, it is necessary to control and evaluate execution if strategy implementation is to be successful and adjusted to the conditions that are changing.

If the strategy is to be achieved during implementation, the challenges it faces require to be looked into (Dekhane, 2014). Effective implementation of strategies entails matching the planned and realized strategies that enables a particular firm to meet the organizations objective of competitive advantage. Strategy implementation components are inclusive of interpretation, communication and action adoption.

With these components, implementation of strategy is made easier (Brady, 2010). Where these entry strategies are not implemented due to the challenges present, the company is affected in terms of its competitiveness. Where a company lacks a competitive advantage, the company is likely to fail or collapse. The company will not meet the returns that are expected and it will also not meet the target objectives. Its survival in the market will be short-lived.

While the development and formulation of a strategy is important, its implementation is critical. A company may come up with a very good market entry strategy, but if not well implemented, by mitigating the external and internal environment challenges, it may not achieve a competitive advantage. According to Sogo (2015), if challenges such as competitive technology, legal environment, income distribution, political instability, fluctuation of foreign exchange and as well as business regulations and taxation, which are faced during the implementation of market entry strategy, the company may not achieve a competitive advantage.

This argument is also supported by Omondi (2016) and Mathenge (2011) who indicated that the influence of acquisition strategy and merging on an organization depends on the mitigation of the challenges faced during implementation. These mitigation measures should be such that it propels the organization forward despite the challenges it may be undergoing. Thus ensuring the sustainability of the organization.

1.1.4 Chinese Multinational Corporations in Kenya

A multinational corporation or company is an enterprise that comprises of manufacturing, service subsidiaries, or sales in one or more foreign countries. The parent company in the country of origin may retain key strategic decision making which may impact these subsidiaries in the different locations. In the last ten years, the presence of Chinese Multinational Corporations for trade purposes and investment in Kenya has significantly increased and continues to grow in various industries.

This growth has led to numerous controversies among local business entities or firms especially in the construction and manufacturing sectors whose newly established firms have been closed down or collapsed due to their inability to gain more competitive advantages compared to the Chinese firms. In addition, Chinese manufacturers have been setting up production plants in Kenya, signaling a change of tack with the aim of controlling the consumer market in Kenya that they have been serving through direct imports (Nyakundi, 2016).

The economic footprints of the Chinese corporations have been extended in Kenya since the regime of president Kibaki in 2003 where the government deliberately decided to have a new investment and aid. Kenya Investment Authority (2018) indicates that there are at least 18 Chinese corporations that have been set up in Nairobi County in the last two years and their target is on the markets that are diverse which include consumer electronics, footwear and beverages where the initial cost of investment was over Sh7 billion. The reason as to why Chinese companies have come to Kenya is to invest in the growing East Africa market as there is growth in the demand for goods and services. More investments in this region have increased due to removal of barriers in the movement of people, goods and services.

In the recent past, the Chinese companies have been involved in major road projects across Kenya. Geothermal and electricity projects have also seen the involvement of these Chinese companies in a major way. This not only lifts the economic face of the country but also amongst its neighbours. Kenya therefore gains as it is strategically positioned and the gains are in terms of financial services hub, infrastructure, and transport (Gichuki, 2012).

1.2 Research Problem

The choice of market entry strategy significantly influences the performance and future decisions of an entrant in any foreign market due to continued change, complexity and dynamism in the business environment (Brady, 2010). Majority of business entities have embraced entry level strategies that will aid in positioning them well and therefore to their economic advantage.
Some of the alternative entries strategies have been considered by multinational corporations include franchising, licensing, joint ventures, exporting, strategic Alliances, subsidiaries that are wholly owned are established and foreign direct investment (Nyakundi, 2016).The choice of these strategies is based on the challenges affecting their implementation.

Despite the high rate of entry of Chinese multinational corporations into the Kenya market, these companies have been facing various challenges, which have negatively been influencing their performance and competitive advantage. For instance, Foton East Africa's multi-million shilling Nairobi assembly plant, which is a Chinese motor vehicle dealer, was set to be auctioned in June 2017 to repay debts. The company has been operating in the Kenyan market from the year 2011. The failure of a firm in securing a market share that is sizeable in the local market is signaled through liquidation of the company where Chinese brands like JMC, Chery Grand Tiger and Sinotruck have capitalized on their quite low pricing technique to gain ground (Juma, 2017).

Various studies have been done by researchers on the market entry strategies which are used by most multinational corporations to get into various foreign markets. In China, Long (2015) researched on the use of social media as a market entry strategy for multinational companies. The research adopted a case study research design with a basis on the open system theory. The study found that china multinational companies used social media since it helps the key decision makers to gain more knowledge and ultimately boost their confidence when making critical decisions on market entry.

In South Africa, Kazi (2013) carried out a study on the challenges facing South African Breweries limited in executing foreign market entry strategies within the Kenyan market. Descriptive research design and resource based theory were used in the study. The study established that the success of market entry strategies significantly depended on a defense strategy of the incumbent firms, market regulations and operations and customer loyalty.

Further Tawanda (2016) researched on market entry strategies that were used among South African companies to enter into the Tanzanian market. The researcher based his research on the open system theory. A descriptive research method was applied. The research found out that the banking sector was affected by the extent of politicization as this is regulated highly.

In Nigeria, Okokon & Adams (2014) did an appraisal of multinational companies' marketing strategies utilized in Nigeria. The study used descriptive and inferential statistics. The research findings indicated that Nigeria multinational company's embraced marketing strategy through adjusting a elements of marketing in products, promotion, price and place. This assisted in meeting competitions and local preferences.

Several studies have also been done among Chinese multinationals market entry strategies in Kenya. From instance, Nyakundi (2016) conducted a research on the influence of Chinese foreign direct investment entry strategies on performance of firms in Kenya and came up with strategies such as strategic alliance, acquisitions exporting, assembly option and joint venture, manufacturing and turnkey operation. Further Gichuki (2012) researched on the influence of multinational Chinese business entities competing with local firms within Kenya and established that the firms that are local had resulted in reducing prices thus profits were affected, expenses were increased due to advertisements and there was an improvement in quality thus a need to have more investments in research and development.

Barasa (2013) conducted a study on market entry strategies utilized by pharmaceutical companies to enter into the Kenyan market. The study was based on the theory of Internationalization that seeks to explain why organizations expand internationally. The study used both descriptive and cross-sectional research designs. The results revealed that these companies were experiencing obstacles such as trademarks and copyrights, economic challenges, safety and counterfeiting challenges.

Further, Cheptegei (2016) examined on foreign market entry strategies used by Coca Cola Kenya Limited. The study used a case study research design. From the findings, Coca Cola Company has come up with several entry strategies that aim at its profits and customer base. Empirical studies reviewed mostly focused on multinationals in different sectors, which operate under different business environments and hence the findings cannot be generalized. In addition, different studies conducted on marketing entry strategies used and the challenges they face have used a case study research design and others have used quantitative research, which is different from what will be used in this study.

Further, empirical studies conducted in Kenya have not shown how the challenges affecting the implementation of entry strategies influence competitive advantage on Chinese Multinational Companies in Kenya. Given that the Chinese companies play a major role in the economy of Kenya, there is need to fill this gap by identifying these challenges facing strategy implementation. The study therefore seeks to answer the question: what are the challenges facing implementation of market entry strategies and how do they influence the competitive advantage of Chinese Multinational Corporations in Kenya?

1.3 Research Objectives

i. To identify the challenges facing Chinese Multinational Corporations in Kenya in the implementation of market entry strategies

ii. To establish the influence of the challenges facing Chinese Multinational Corporations in Kenya in the implementation of entry strategies on competitive advantage.

1.4 Value of the Study

The study's findings contribute to theoretical development and are of benefit to academicians and other researchers, policymakers, the Kenyan government and the management of Chinese Multinational Corporations. The study adopts two theories, the open systems theory and the resource based theory.

The resource based theory which specifies that a firm requires resources for it to remain competitive is useful in this study. Although this theory has been used in almost all sectors, it is not specific to one sector and different organizations have different resources and capabilities, different legal framework and different organizational structures. This study shows how the theory can be best utilized in the Chinese Multinational Corporations.

The open systems theory describes the environment in which an organization operates. Different organizations are affected by different external organizations differently. Therefore, this study outlines how the entry of Chinese Multinational Corporations in to Kenya is affected by different internal ie operational and institutional factors and external factors.

To the academicians and other researchers, the study contributes to theory development and provides more information to the body of knowledge. It thus acts as a point of reference for future studies in the field of international business especially on the concept of market entry strategies implementation.

Kenya requires foreign investment as a way of improving the national economy and creating job opportunities. Therefore, this study provides information that can be used by the government of Kenya and policymakers to develop policies to guide and govern market entry strategies in Kenya to ensure the competitive advantage of both multinational companies and local companies in Kenya.

To the management of the Chinese Multinational Corporations, the research adds value of great importance since it provides an understanding on the challenges affecting the implementation of market entry strategies. With this knowledge, they may formulate strategies to reduce the effect of these challenges. To Chinese Multinational Corporations intending to invest in Kenya, the study provides information that they can use to make informed decisions on the best market entry strategies to use.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers a review of literature on the challenges of implementation of entry strategies and competitive advantage among multinational companies. Specifically, the chapter discusses theories related to the study, a section on challenges facing implementation of market entry strategies, influence of challenges facing implementation of market entry strategies on competitive advantage, empirical review and summary of the literature review.

Three theories have been discussed to outline how these companies can still remain competitive in the market and also be sustainable. The open system theory and the resource based theory are important theories in the discussion of competitive advantage and implementation strategies. The resource based theory indicates that to form a sustainable competitive advantage from a short-run competitive advantage, the organization needs resources that are diverse in nature and they should not be perfectly mobile (Narasimhan& Zhang, 2000).

The open system theory which is also linked to the resource dependency theory argues that for an organization to survive, it is dependent on its association with the environment (Nyakundi, 2016). Resource Dependence Theory stimulates that firms are heterogeneous in relation to their capabilities and resources even when operating in the same industry. The two theories therefore provide a basis on the importance of resources to an organization.

2.2 Theoretical Foundation

This study is anchored on three theories: open system theory, resource based view theory and resource dependency theory. Organizations such as multinationals operate in an open system where they are influenced by external business environmental factors for instance political, legal, social and economic factors. Therefore, to mitigate the challenges they face, they require resources and capabilities, which help in creating a competitive advantage.

2.2.1 Open Systems Theory

The Open Systems theory was originally founded by Hungarian biologist Ludwig von Bertalanffy in 1972 (Von Bertalanffy, 1972). From a biological perspective, the theory considers an organism as an integrated system of interdependent structures and functions. From a sociological perspective, system theory is the trans-disciplinary approach of an organization. A sociological system contains four things, which include attributes, objects, environment and internal relationships among objects. According to Nyakundi (2016), variables, parts or elements that are within a system are considered to as objects. Attributes are the properties, characteristics of qualities of a system and its objects. Every system has relationships which are internal that exist amongst its objects. In addition, a system exists in an environment.

A system can either be open or closed. An open system can interact with its environment and it is characterized by exchanges of matter and information with the external environment. The open system is dependent on the external environment and conducts its internal operations putting into consideration the changing external environment. Narasimhan& Zhang (2000) indicated that an open system is always based on the premise that there is no organization which can be in existence for a long period if it does not consider the external factors in its environment.

Open systems approach is important since no organization operates in either a predictable or stable environment. Multinational companies are open systems and the open systems theory confirms that for any organization to obtain a competitive advantage, it needs to deal with external environmental factors, (Hoskinson et al, 1997). Moreover, appropriate responses towards the changing dynamic business environment should be put into consideration for the organization to conform to the dynamic environmental changes. Some of the challenges that multinational companies face is barriers to market entry, language barrier and diversity of culture, government regulations and politics. For them to ensure effective implementation of market entry strategies, multinational companies must learn to deal with the existing challenges in the business environment.

2.2.2 Resource Based View

In the year 1984, Birger Wernerfelt developed a theory the resource based view theory (RBV). The RBV forms a base for a given firm to gain competitive advantage whereby the firm focuses on collection of tangible and intangible resources which are its disposal so as to improve on firm's performance.

The basis of this theory is that firms have resources which enable them to obtain a competitive advantage thus leading to long term performance of the firm. Burnes (2009) argued that competitive advantage in the organization may be sustained over prolonged period to a level that the firm is in a position to guard itself against limitation of inadequate resources. Information resources are of critical importance to the firm's long term competitiveness and existence in any unstable environment if it is developed well and integrated to the other key resources over time.

The resource based theory involves the documentation of resources that are unique in an organization and then making decisions of where to allocate the resources in order to earn the highest return for the company. The theory also proposes that firm's performance is often determined by availability of its resources and this will considerably lead to a firm's effectiveness and performance (Hiriyappa, 2009). Resources include assets, information, knowledge and organizational processes as well as the attributes that are useful to an organization in the development and implementation of strategies in order to improve effectiveness, efficiency, awareness, quality of services or products and the image. Where these resources are well utilized, the company will in the long run achieve and maintain a competitive advantage.

The theory provides relevance to the study because it explains how the resources at a firm's disposal influence the strategies of market entry (Barney, 1991). The implementation of market entry strategies requires resources such as finances to pay for licenses buy assets and equipment and pay for taxes. In addition, strategies implementation requires a skilled human resource. Without a qualified and skilled task force the implementation of market entry strategies will often fail.

2.2.3 Resource Dependence Theory

Emerson (1963) developed this theory which suggests that other firms can be dependent on an organization if the organization has control over critical resources. Resource Dependence Theory stimulates that firms are heterogeneous in relation to their capabilities and resources even when operating in the same industry. Typically, the theory argues that organizations are not sufficient by their own in terms of all the resources that they require, for them to remain competitive.

Therefore, the organizations should be involved in exchanges with other organizations in various ways in order for them to get the required resources and hence surviving in the environment. (Pfeiffer & Salancik, 2003) The idea that organizations depend on their environments provides a basis for understanding Resource Dependency theory. By developing a symbiotic relationship with other organizations, a firm is able to sustain relevance in the market and master the environment that it operates in to its advantage. The underpinning idea is interaction with the environment which eventually will allow it to gain competitive advantage.

Resource Dependence Theory (RDT) is founded on how the behavior of an organization is affected by the organizations external resources. It is also founded on the following principles: that firms are resource-dependent, the resources are derived from the operational firm's business environment, other firms are also contained within the business environment and resources are shared by various firms as they are the main source of power and firms which are perceived to be legally dependent ultimately depend on each other or share the resources (Karkkainen, 2005).

Multinational companies largely depend on the resources of other organizations depending on their industry (Pfeffer & Salancik, 1978). For instance, construction multinationals requirement raw materials such as cement, steel, ballast among others that are manufactured by other organizations. In addition, multinational companies will require the services of financial institutions like banks and insurance companies. These resources include financial resources, human capital and assets. The use of resources owned by other organizations helps multinational companies to improve the implementation of strategies.

2.3 Market Entry Strategies Adopted by Multinationals

Multinationals adopt different market entry strategies when entering different countries. This is because different countries are characterized by varying political factors, legal factors, economic factors and social factors. The most common market entry strategies adopted globally include direct exporting, franchising, licensing, joint ventures, partnerships and acquisitions. Different studies outline varying market entry strategies used by different multinationals.

In Kenya, Munyiri (2014) established that multinational corporations' market entry strategies used in entering the Kenyan market. Using a descriptive research design, the study found that the most common market entry strategies employed while entering the Kenyan market encompassed acquisition, exporting, joint venture, licensing and franchising.

Using a case study design, Muchina (2011) examined on Ecobank Kenya Limited foreign market entry strategies. The results indicated that Ecobank Kenya Limited had used direct investment strategy to enter into the Kenya market. However, the bank was considering using acquisition strategy so as to acquire some of the financial institutions in the country.

Nyakundi (2016) conducted a study on Chinese multinationals entry strategies to the Kenyan market. The study a survey research design and found that strategies used by multinationals included direct investment, franchising and licensing. However, the implementation of these market entry strategies was facing challenges like legal framework, security and political factors. Onyalo (2016) carried out a study on multinational phone companies' market entry strategies in Kenya. Using a case study of Techno, the study found that multinational Smartphone companies were using indirect exporting and licensing strategies.

2.4 Empirical Studies and Knowledge Gaps

New market entry will more often than not run into complications or experience some challenges. This often occurs due to dissimilarities of the legal, cultural political, economic and social environments in different countries around the world. These dissimilarities/challenges are intense in developing countries as compared to developed countries. Developing countries are most of the times characterized by high interest rates, high inflation and fluctuating foreign exchange rates, unstable governments, poor court systems and poor banking systems. Heavy bureaucracies also act as challenges to the implementation of market entry strategies.

In India, Imbach et al. (2015) researched on the market entry challenges for Swiss companies. Using a survey research design, the study obtained data from 45 practitioners from India Competence Center. The results indicated that the challenges facing market entry for Swiss companies to India include workforce management, market requirements, corruption triangle and legal requirements.

In Mexico, Khan (2015) researched on the major challenges facing multinational enterprises operating in emerging markets and found that these challenges include risk management, organizational management, national culture, social factors and regulatory framework. Freeman & Reid (2006) investigated the challenges that are faced by small western firms in transitional markets. The study made use of an exploratory qualitative methodology. The results revealed that the main constraints included, establishment of reliable distributors, development of partnerships, communication, the inability of the management to identify psychic and geographical distance.

Barasa (2013) researched on foreign multinational pharmaceutical firms' market entry strategies used in entering the Kenyan market. The study used a both descriptive and cross-sectional research designs and the target population was 15 multinationals dealing with pharmaceutical products. The results revealed that these companies were experiencing obstacles such as trademarks and copyrights, economic challenges, safety and counterfeiting challenges.

Kazi (2013) carried out a study on the challenges facing South African Breweries limited in implementing foreign market entry strategies in the Kenyan market. The research used descriptive research design and found that the success of market entry strategies significantly depended on a defense strategies of the incumbent firms, market regulations and operations and customer loyalty. The main challenges that were facing South African Breweries limited included local regulations, stiff competition, aggressive counter attack reactions and market dominance of East African Breweries Limited.

Koech (2012) carried out a study on foreign market entry strategies utilized by Kenya Seed Company limited and the main challenges faced. A case study research design limits the study to Uganda, Tanzania and Rwanda. The results revealed that in implementing its market entry strategies, the Kenya Seed Company was facing challenges such as unfavorable regulations, currency fluctuations and sale of fake products. Makori (2006) carried out a study the main challenges that Africa airlines experienced when selecting international market entry strategies. Using a descriptive research design, the study utilized 37 members of the International Air Transport Association. The study established that the challenges which the firms were facing are lack of human capital, financial resources and poor assessment of the general risks of each of the entry modes.

Gichinga (2012) examined the challenges facing the implementation of market entry strategies in East Africa countries. This was a case study focusing on Ernst & Young. The study found that in Uganda and Kenya, the company used acquisition strategy while in Burundi and Rwanda, the company made use of the exporting strategy. The main challenges the implementation of these strategies include limited skills, limited financial resources, political instabilities, regulatory framework, bureaucracies and poor infrastructure. Ernes (2015) researched on theeffect of market entry strategies on competitive advantages of firms in Poland. Using a descriptive research design, the study found market entry strategies implementation influence competitive advantage among firms that are in Poland.

Sogo (2015) carried out a study on foreign market entry strategies and gaining of competitive advantage among selected commercial banks within Kenya. Using a cross-section descriptive survey method the study found out that adoption of market entry strategies such as direct investment, joint ventures and acquisitions commercial banks in Kenya were improving their competitive advantage. However, challenges in competitive technology, legal environment, income distribution and political instability, fluctuation of foreign exchange, business regulations and taxation had a negative effect on competitive advantage.

In ICEA and lion group, Omondi (2016) carried out a study on the association between merger and acquisition strategy and competitive advantage. The study utilized a descriptive research design. The results indicated that ICEA and lion group achieved a competitive advantage through the use of merge and acquisition strategy. This is because the adoption of the strategy led to an increase in sales, an improvement in profit margin, increase in human capital resource and better ways of controlling cost.

Nevertheless, the study found that the influence of the merger and acquisition strategy on competitive advantage significantly depended on effective implementation of the strategy. In Total Kenya Limited, Mathenge (2011) carried out a study on achievement of competitive advantage through the use of mergers and acquisitions strategy. The study used qualitative data, which was obtained by use of an interview guide. The results indicated that through the utilization of mergers and acquisition the company managed to increase distribution networks, improved market share, economies of scale and profitability.

This chapter covered the literature review of the study that comprises of the theoretical foundation, market entry strategies used by multinational corporations and empirical studies on strategy implementation and competitive advantage. The study highlights three key theories which are the open system theory, resource based view as well as resource dependency theory.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is essentially the procedures employed in carrying out the study. This chapter therefore highlights the methods and techniques that was used in collection, analysis and presentation of data. The chapter specifically comprises of a research design, target population, procedures of collecting and analysis data and presentation of the results.

The usefulness of the choice of the research design is explained further in detail highlighting the importance in creating new theories and the advantages it offers in terms of cost and time in data collection. Furthermore, the data collection technique is explained and the methodology employed in data collection. This is important as it underpins the validity and reliability of the research work carried out.

This section also provides information on the target population of this study and highlights how information will be acquired from the respondents. The target population must be defined as it provides the scope within which the research was carried out. Lastly data analysis is explained and how the results of the study were presented.

3.2 Research Design

According to Kothari (2004) research design is the process of structuring the research problem,

Further, a research design refers to procedures and techniques used in collecting and analyzing data with an aim of relevance with the aim of the study. Research design is therefore a structure that is conceptual in which the research is done. Cross sectional survey research design technique was used for the study.

According to Bhattacherjee (2012) cross sectional study is the process of collection of data on the study population at a single point in time and this aims at examining the association between the interests. Two distinct factors describe cross sectional design; Lack of time dimension and relying on existing differences instead of change after intervention. In addition, differences between or amongst subjects, people or phenomenon and change are measured using cross sectional design.

Cross sectional research design is useful in that it can be used in proving and disapproving assumption; timely capturing information on a given timeframe especially, during the period of data snapshot thus the data or information can be in various types of research. The findings from this research design can be used to do in-depth research thus creating new theories. This study adopted a cross sectional study design since survey techniques are generally used to collect data and are relatively not expensive and time taken to carry them out is little.

3.2 Population of the study

A target population refers to every member who is either in a real group or a hypothetical group of individuals, items or subjects from where the researcher has the intention of obtaining conclusions that are general in the variables under study (Cooper & Schindler, 2006).The target population of a study should contain observable attributes to allow generalization of the results (Mugenda & Mugenda, 2003).

The target population of this study was18 Chinese Multinational Corporations in Kenya. The respondents were therefore the Marketing & Operations managers in these 18 Chinese Multinational Companies. According to the Economic & Commercial Counsellor’s Office, Embassy of the People’s Republic of China (2014).In Kenya there are 18 operational Chinese Multinational Companies in Kenya and the study targeted all the firms.

Given that the target population of this study is small (18), a census was conducted. Kothari (2009) asserts that a census is a technique used to acquire information from all members of a specific population. The advantage of a census is that it is accurate and gives complete information as provided by the participants of the research study.

3.3 Data Collection

Structure questionnaire aided in collecting of primary data. The questionnaire is a fast way of collecting data. In addition, questionnaires gave the researcher an inclusive data on a wide range of factors. A structured questionnaire generated quantitative data, which was in form of categorical data (nominal and ordinal data) (Kothari, 2004). In addition, the closed ended questions provide precise information that minimizes information bias and facilitate data analysis.

Before data is collected, an authorisation form was collected from the University authorising the researcher to undertake this study across the target population of 18 Chinese multinational companies. This letter was important in providing credibility on the part of the researcher that the research was authorised from a credible institution of learning and in the view of these companies, an assurance of use of the information that would be collected from them.

The questionnaires were then distributed to the marketing and operations managers in the 18 Chinese multinational corporations by using a drop and pick techniques adopted when distributing questionnaires among the participants. This technique was used as it encourages participants to fill the questions at their free time hence improving the response rate of this study. Each participant was asked to provide an honest response when answering each question in the questionnaire.

The questionnaires would be left with respondents to allow them ample time to think through their answers before filling the questionnaires. Where clarity was required in how to respond to the questions the researcher would be available to provide this guidance. The respondents were guaranteed that strict confidentiality was upheld in dealing with their identities.

3.4 Data Analysis

According to (Kultar 2007), data analysis is the process of collecting data, arranging it in an orderly manner to ensure it is structured with all the core elements that the result will be easily communicated. Qualitative data was analysed through the use of thematic content analysis, which involves the identification, examination, and recording of themes in a data set. Otherwise, quantitative data was analyzed with the aid of statistical packages Known as SPPS version 22.

Descriptive statistics was employed and which entailed calculation of standard deviation, mean, percentage and frequency. The outcomes of the study shall further be presented by use of both graphs and tables. Furthermore, regression analysis of the study was adopted in establishing the relationship that exists between Chinese Multinational Corporations in Kenya and implementation of market entry strategies on competitive advantage. Finally, the results were presented in figures, charts and tables to display the outcomes of this study.

The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby; Y was Competitive advantage, B_0 was a Constant, β_1- β_4 were Coefficients of determination, X_1 was Resources, $X_2$was Strategy commitment, X_3 was Organizational leadership, X_4 was Environmental factors, ε was Error term.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings, interpretation of results based on the study objective, and discussion of the findings. The chapter begins with the respondents' background information which is expounded in the demographic information collected which seeks to provide an insight of the inherent characteristics of the population of study.

This is then followed by an outline of the findings of the preferred entry strategies employed into the Kenyan market, the challenges facing the implementation of these entry strategies, measures of competitive advantage, regression analysis and discussion of these findings. This section is the most crucial as it provides a summary of the findings from the study carried out and whether it affirms what the researcher set out to find out.

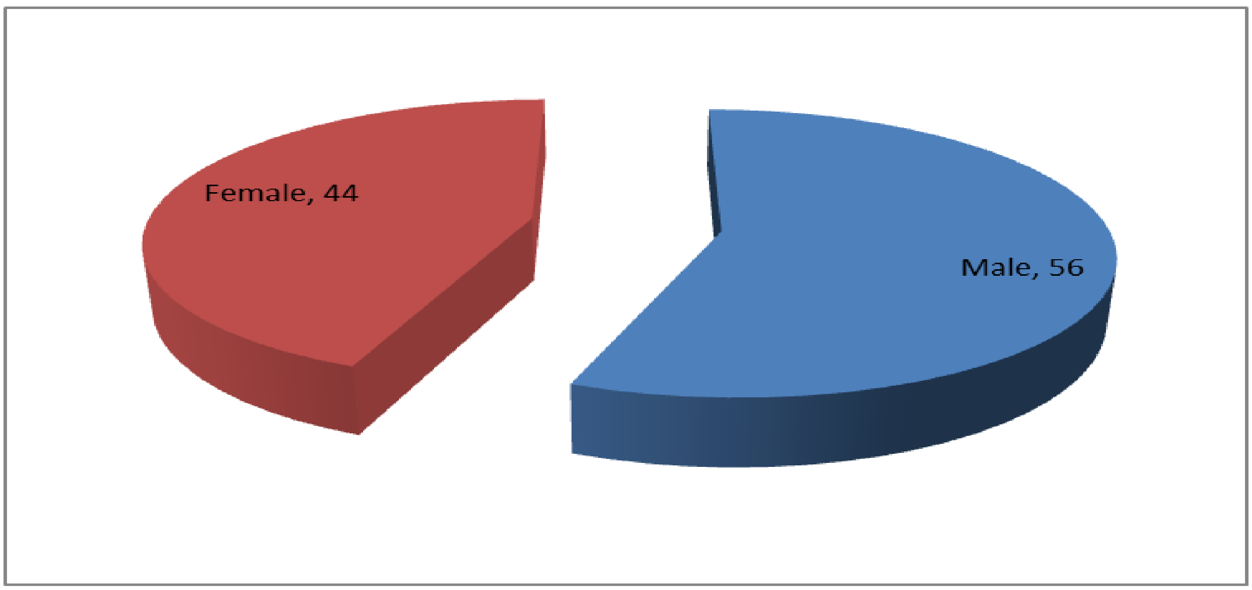
This study's sample size was 18 Chinese multinational companies targeting the marketing and operations managers, out of which 14 companies responded and this gave a response rate of 81.48%. 100% response rate was not achieved. This was because not all the questionnaires were fully filled by the respondents. A fully filled questionnaire was deemed to be complete with an appended stamp from the organisation. Only 14 companies appended their stamp on the questionnaires. Conversely, according to Kothari (2004) adequate analysis is above 50% and hence 81.48% response rate was excellent. Analysis therefore is based on the primary data collected from the 14 companies.

4.2 Demographic Information

Demographics is the collection of data regarding a specific population. Demographic information is useful in providing inherent dynamics within the population of the study. The demographic information presented is on the gender, age, duration of existence of the corporations' and well as the market entry used in the corporations.

4.2.1 Gender of the Respondents

Gender is an important aspect of demographic information as it gives a depiction of the participants of the research study. It gives a distribution of gender population of the respondents. The first demographic characteristic was gender. The results were shown in figure 4.1.



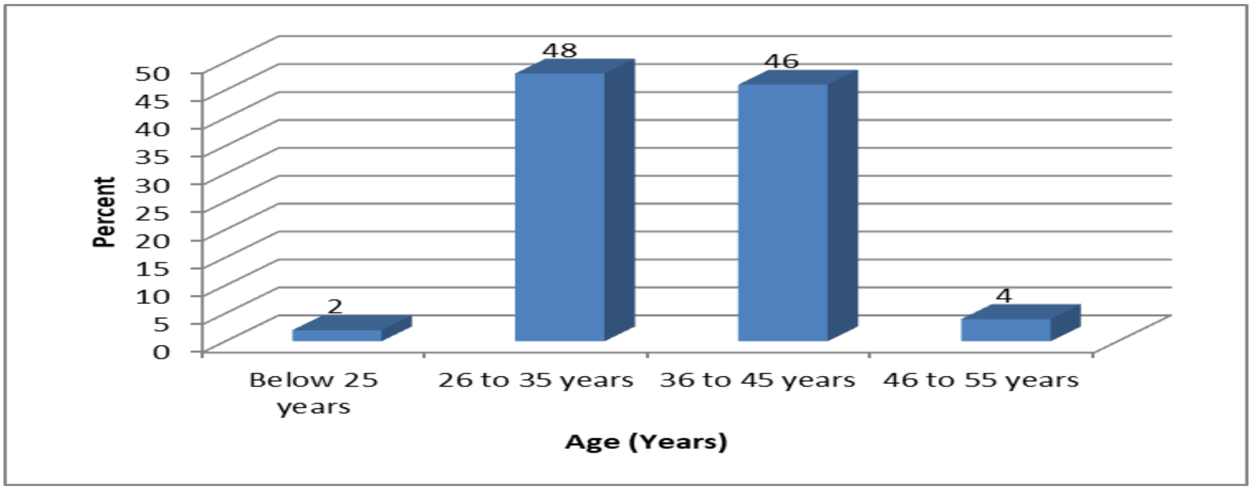
Source: Research Data, 2018

Figure 4 1: Gender of the Respondents

Figure 4.1 show that 56% of the respondents were male while 44% of were female. From the findings, majority of the managers in the multinational corporations were male thus indicating that the Chinese multinational companies are mainly male dominated organisations.

4.2.2 Age Bracket of the Respondents

Age is an important aspect of demographic information as it gives a characteristic of the population of study. It provides useful information on the kind of respondents who participated in the research study. The respondents indicated their age bracket as shown on Figure 4.2.



Source: Research Data, 2018

Figure 4 2: Age Bracket of the Respondents

Figure 4.2 shows that 48% of the respondents were aged between 26 and 35 years, 46% were aged between 36 and 45 years, 4& were aged between 46 and 55 years while 2 % were aged below 25 years. From the findings, most of the managers in the multinational corporations were aged between 26 and 45 years.

4.2.3 Duration of existence of the multinational corporation

Time aspect is a useful measure of the existence of any organization. Measurement of time or duration will lend credence to the accuracy or reliability of the data collected. The respondents were requested to indicate the duration of time their corporation had been in operation in Kenya. The results were as shown in table 4.1

Table 4.1: Duration of existence of the multinational corporation

	Frequency	Percent
Less than 2 years	3	6.0
2 to 4 years	4	8.0
5 to 7 years	10	24.0
8 to 10 years	4	8.0
11 to 13 years	11	26.0
More than 13 years	12	28.0
Total	**44**	**100.0**

Source: Research Data, 2018

Table 4.1 shows that 28% of the respondents indicated that their corporation had been operating in Kenya for more than 13 years, 26% indicated that their corporation had been operating in Kenya for 11 to 13 years, 24% indicated that their corporation had been operating in Kenya for 5 to 7 years, 8% indicated that their corporation had been operating in Kenya for 8 to 10 years, another 8% indicated that their corporation had been operating in Kenya for 2 to 4 years while 6% indicated that their corporation had been operating in Kenya for less than 2 years. From the findings, most of the multinational corporations had been operating in Kenya for more than 11 years.

4.2.4 Market entry strategy used in the corporations

The respondents were further asked to indicate the marketing strategy used in their corporations. The objective of this question was to determine the preferred entry strategy employed by the Chinese companies and also to test the knowledge or awareness among the respondents on the strategy employed in their organization. The findings are as presented in table 4.2

Table 4.2: Marketing strategy used in the corporations

	Frequency	Valid Percent
Foreign Direct Investment	12	28.0
Franchising	8	18.0
licensing	3	6.0
Exporting	8	18.0
Joint venture	7	16.0
Wholly owned subsidiaries	6	14.0
Total	**44**	**100.0**

Source: Research data 2018

Table 4.2 indicates that 28% of the respondents were using Foreign Direct investment as a market entry strategy in their corporation, 18% indicated that they were using franchising as a market entry strategy in their corporation, another 18% were using exporting as a market entry strategy in their corporation, 16% were using joint venture as a market entry strategy in their corporation, 14% were using wholly owned subsidies as a market entry strategy in their corporation while 6% were using licensing as a market entry strategy in their corporation. The respondents indicated that most of the multinational corporations were using Foreign Direct Investment as a market entry strategy in their corporation.

4.3 Challenges facing the implementation of market entry strategies

The respondents were able to indicate to what extent do they agreed with the following challenges of market entry strategies' implementation in their organization. A Likert scale was used where 5 represented strongly agree, 4 represented agree, 3 represented neutral, 2 represented disagree and 1 represented strongly disagree. The findings are as presented in table 4.3.

Table 4.3: Challenges facing the implementation of market entry strategies

	Mean	Std. Deviation
Resources		
There are no adequate staff to implement the strategies in our organizations	2.100	.735
There are inadequate skills and capabilities in our organization to implement the market entry strategies	2.200	.670
Finances to implement market entry strategies are usually no enough	2.100	.646
Our organization does not have enough assets required in the implementation of market entry strategies	2.100	.580
Strategy commitment		
In our organization there is lack of strategy commitment	2.100	.543
There is strategy misunderstanding in our organization	2.100	.462
The staff on organization are unaware of market entry strategies	2.140	.606
Organizational leadership		
There is poor coordination in the implementation of strategies in our organization	2.160	.548
Leadership in organization lack the skills to ensure implementation of market entry strategies	2.100	.543
Leaders in our organization are not committed to strategy implementation	2.240	.517
Environmental factors		
Economic factors affect the resources availability in the implementation of market entry strategies	3.960	.604
Fluctuating foreign exchange rates raise the cost of implementing market entry strategies	4.120	.718
The politics in the country affect implementation of market entry strategies	4.800	.638
The legal framework is not favorable to the implementation of market entry strategies	4.340	.557
Rapid changes in technology negatively affects implementation of market entry strategies	3.940	.313

Source: Research Data, 2018

Concerning resources, the respondents disagreed that there are inadequate skills and capabilities in their organization to implement the market entry strategies as shown by a mean of 2.200. They also disagreed that there are no adequate staff to implement the strategies in their organizations as indicated by a mean of 2.100. Witch a similar means of 2.100 and 2.100 they disagreed that finances to implement market entry strategies are usually no enough and that their organization does not have enough assets required in the implementation of market entry strategies

Referencing to strategy commitment, the respondents disagreed that the staff in their organization are unaware of market entry strategies as shown by a mean of 2.140. They also disagreed that there is strategy misunderstanding in their firm with a mean of 2.100. With a similar mean of 2.100 they disagreed that in their organization there is lack of strategy commitment.

On organizational leadership, the respondents disagreed that Leaders in their organization are not committed to strategy implementation as shown by a mean of 2.240. They also disagreed that there is poor coordination in the implementation of strategies in their organization as shown by a mean of 2.160. In addition they disagreed that leadership in their organization lacks the skills to ensure implementation of market entry strategies as shown by a mean of 2.100.

Regarding environmental factors, the respondents strongly agreed that the politics in the country affects implementation of market entry strategies as shown by a mean of 4.800. They also agreed that the legal framework is not favorable to the implementation of market entry strategies as shown by a mean of 4.340. In addition they agreed that fluctuating foreign exchange rates raise the cost of implementing market entry strategies as shown by a mean of 4.120.

By a mean of 3.960 they agreed that economic factors affect the resources availability in the implementation of market entry strategies. Further, they agreed that rapid changes in technology negatively affect implementation of market entry strategies as shown by a mean of 3.940.

4.4 Competitive advantage of Chinese Multinational Corporations in Kenya

The respondents were further asked to rate the following measures of competitive advantage in their organization. A likert scale was used where 5 represented Excellent, 4 represented good, 3 represented moderate, 2 represented bad and 1 represented poor.

Table 4.4: Competitive advantage of Chinese Multinational Corporations in Kenya

	Mean	**Std. Deviation**
Market share	4.420	.537
Profitability	4.380	.602
Customer revisits/repurchase	3.800	.494
Sales volume	3.540	.578

Source: Research Data. 2018

From table 4.4, the respondents indicated that Market share was good in measuring competitive advantage in the organization as shown by a mean of 4.4200. They also indicated that Profitability was good in measuring competitive advantage in the organization as shown by a mean of 4.380. In addition, they indicated that customer revisits/repurchase was good in measuring competitive advantage in the organization as shown by a mean of 3.800.

By a mean of 3.540 they indicated that Sales volume was good in measuring competitive advantage in the organization.

4.5 Regression Analysis

The study used multiple regression analysis to examine the relationship between the independent variables (resources, strategy commitment, organizational leadership and environmental factors) and the dependent variables (competitive advantage).

The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby; Y was the competitive advantage, dependent variable, B_0 was a Constant, β_1- β_4 were Coefficients of independent variables; X_1 was Resources, X_2 was Strategy commitment, X_3 was Organizational leadership, X_4 was Environmental factors, ε was Error term.

Table 4.5: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.848	0.7191	0.6921	0.18714

Source: Research Data, 2018

The R-squared shows how the dependent variable is explained by the independent variable that is being studied. The R-squared was 0.7191. This indicates that the four independent variables (resources, strategy commitment, organizational leadership and environmental factors) explain 71.91% of the dependent variable (competitive advantage).

Table 4.6: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	34.044	4	8.511	243.018	.000
Residual	1.576	45	.035		
Total	35.620	49			

Source: Research Data, 2018

Table 4.6 shows that the F-calculated (243.018) was greater than the F-critical (2.6060) indicating that the model can be used to determine how independent variable affect the dependent variable. The p-value (0.000) was less than the significance level (0.05) implying that this model is a good fit for the data.

Table 4.7: Regression Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	.446	.127		3.511	.001
Resources	.433	.143	.442	3.033	.013
Strategy Commitment	.509	.141	.521	3.610	.000
Organizational Leadership	.356	.127	.361	2.795	.024
Environmental Factors	-.660	.146	-.689	-4.509	.000

Source: Research Data, 2018

The results show that resources have a significant and positive impact on the competitive advantage of Chinese Multinational Corporations in Kenya as shown by a regression coefficient of 0.433 (p-value=0.013). In addition, strategy commitment has a significant and positive impact on the competitive advantage of Chinese Multinational Corporations in Kenya as shown by a regression coefficient of 0.509 (p-value=0.000).

Further, the results show that organizational leadership has a significant and positive influence on the competitive advantage of Chinese Multinational Corporations in Kenya as shown by a regression coefficient of 0.356 (p-value=0.024).

However, the results indicate that environmental factors have a significant inverse influence on the competitive advantage of Chinese Multinational Corporations in Kenya as shown by a regression coefficient of -0.660 (p-value=0.000).

4.6 Discussion

Concerning resources, the study found that there were adequate skills and capabilities in their organization to implement the market entry strategies, there were adequate staff to implement the strategies in their organizations, finances to implement market entry strategies are usually enough and that their organizations have enough assets required in the implementation of market entry strategies. The findings concur with Barasa (2013) who noted that lack of adequate staff, inadequate skills and capabilities, lack of enough finances and lack of enough assets required in the implementation of market entry strategies affects market entry strategy implementation.

On strategy commitment, the study found that in the organization there was strategy commitment. There was no strategy misunderstanding in the organization and the staffs in organization are aware of market entry strategies. These findings are in agreement with Imbach et al. (2015) who noted that lack of strategy commitment in the organization, strategy misunderstanding and lack of staff awareness of market entry strategies in the organization leads to ineffective market entry strategy implementation.

Referencing to organizational leadership, the study found that there was coordination in the implementation of strategies in our organization, leadership in the organization had the skills to ensure implementation of market entry strategies and leaders in the organization are committed to strategy implementation. Organisational leadership is important for the development of any firm or organisation.

These findings are in agreement with Gichinga (2012) who indicated that poor coordination by the leaders, lack of leadership skills and lack of commitment by the leaders hinders strategy implementation. This means that an organisation cannot move forward to achieve any development or growth.

Regarding environmental factors, the study found that the politics in the country affect implementation of market entry strategies as shown, the legal framework is not favorable to the implementation of market entry strategies, that fluctuating foreign exchange rates raise the cost of implementing market entry strategies, that economic factors affect the resources availability in the implementation of market entry strategies and that rapid changes in technology negatively affect implementation of market entry strategies. These findings are in agreement with Koech (2012) who indicated that economic factor, fluctuating foreign exchange rates, the politics in the country and unfavourable legal framework affects market strategy implementation and thus an effect on the competitive advantage of the organization

The findings of the study indicated that there was a positive relationship between resources and competitive advantage. A firm's resources are important for it to achieve a competitive advantage over its competitors. These findings agree with Ernes (2015) who indicated that adequate staff, adequate skills and capabilities, enough finances and enough assets required in the implementation of market entry strategies affects market entry strategy implementation and this leads to an effect on the organizations competitive advantage. An organisation's greatest resource is its staff and therefore it is in best interest to ensure they are adequately skilled and are performing the correct job roles within the organisation.

The findings also indicated that there was a positive relationship between strategy commitment and competitive advantage. These findings concur with Gichuki (2012) who indicated that strategy commitment in the organization, understanding the strategy and staff awareness of market entry strategies in the organization leads to effective market entry strategy implementation and this therefore affects the organizations competitive advantage. It is important for any organisation to ensure that their staff are constantly made aware of the organisation's strategy.

There was also a positive relationship between organizational leadership and competitive advantage. These findings are in agreement with Kazi (2013) who indicated that coordination by the leaders, proper leadership skills and commitment by the leaders triggers strategy implementation and this affects the competitive advantage if an organization.

However, the findings also indicated that there was a negative relationship between environmental factors and competitive advantage. These findings are in agreement with Muchina (2011) who indicated that economic factor, fluctuating foreign exchange rates, the politics in the country and unfavourable legal framework affects market strategy implementation and thus an effect on the competitive advantage of the organization. Environmental factors that are not conducive for an organisation's performance will hinder it from implementing its strategy,

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses summary of the findings and how these tie into the objective of the research. The main objective of the study was to identify the challenges facing implementation of market entry strategies and how they influence the competitive advantage of Chinese Multinational Corporations in Kenya. The challenges according to the findings from the primary data collected are directly linked to the resources of an organization, its organizational leadership, Strategy commitment and environmental factors which will hinder its strategy implementation and subsequently influence its competitive advantage.

This research provides the conclusion where it outlines the reasons for the challenges of implementation strategy as a result of the variables of study in the research. Limitations of this research has also presented and the steps taken to minimize them. Additionally, recommendations and implication of the study has also been presented on areas that organizations should place more focus in order to mitigate the challenges experienced during entry strategy implementation and also to have a competitive advantage in the market that they operate.

Areas for further study have also been suggested in this chapter where there is room to further expand on the scope of this study to include companies in other sectors. This will be contributing extensively to the body of knowledge on this study and help policy makers in decision making. Organizational leaders will also benefit from these areas of research as they will be able to come up with better entry strategy in their target markets.

5.2 Summary

The study found that resources affects implementation of market entry strategies and competitive advantage. This is due to lack of adequate staff, inadequate skills and capabilities, lack of enough finances and lack of enough assets required in the implementation of market entry strategies. This is in tandem with the resource based theory that indicates that to form a sustainable competitive advantage from a short-run competitive advantage, the organization needs resources that are diverse in nature and they should not be perfectly mobile (Narasimhan& Zhang, 2000).

The study also found that strategic commitment affects implementation of market entry strategies and competitive advantage. This was due to lack of strategy commitment in the organization, strategy misunderstanding and lack of staff awareness of market entry strategies in the organization. In addition, the study found that organizational leadership had an effect on the implementation of market entry strategies and competitive advantage. This was because of poor coordination by the leaders, lack of leadership skills and lack of commitment by the leaders. This is in agreement with the findings from Makori (2006) who established that the challenges which the firms were facing include lack of financial resources and human capital.

Further, the study established that environmental factors affected the implementation of market entry strategies and competitive advantage. This effect was triggered by economic factors, fluctuating foreign exchange rates, politics in the country and unfavourable legal framework. This is in agreement with the the open systems theory that confirms that for any organization to obtain a competitive advantage, it needs to deal with external environmental factors, (Hoskinson et al, 1997).

There was a positive relationship between resources and competitive advantage. This is in agreement with Hiriyappa (2009) who proposed that a firm's performance is often determined by availability of its resources and that this will considerably lead to a firm's competitiveness and performance. The findings also indicated that there was a positive relationship between strategy commitment and competitive advantage. There was also a positive relationship between organizational leadership and competitive advantage. From the study findings there is also negative relationship between environmental factors and competitive advantage.

5.3 Conclusion

The study concludes that the challenges of resources on market entry strategy implementation was due to inadequate staff, skills and capabilities, lack of enough finances and lack of enough assets required in the implementation of market entry strategies. The challenge of environmental factors on market entry strategy implementation was due to economic factors, fluctuating foreign exchange rates, politics in the country and unfavourable legal framework. This is anchored on the open system theory which stipulates that firm is dependent on the external environment and conducts its internal operations putting into consideration the changing external environment. Narasimhan& Zhang (2000)

The challenge of strategy commitment on market entry strategy implantation was due to lack of strategy commitment in the organization, strategy misunderstanding and lack of staff awareness of market entry strategies in the organization. Further the challenge of organizational leadership on market entry strategy implantation was due to poor coordination by the leaders, lack of leadership skills and lack of commitment by the leaders.

There was a positive relationship between resources and competitive advantage. The findings also conclude that there was a positive relationship between strategy commitment and competitive advantage. In addition, the study concludes that there was also a positive relationship between organizational leadership and competitive advantage. Organisational leadership is important for an organisation if it to experience long term performance.

However, the study concludes that there was a negative relationship between environmental factors and competitive advantage. The open system theory which is also linked to the resource dependency theory argues that for a firm to survive, it is dependent on its association with the environment (Nyakundi, 2016). Therefore, appropriate responses towards the changing dynamic business environment should be put into consideration for the organization to conform to the dynamic environmental changes.

5.4 Recommendations and Implications of the Study

This study found that organizational leadership had a positive relationship with the implementation of market entry strategy and completive advantage. This is because an organisation’s leadership will determine the success or failure of their entry strategy implementation and competitive advantage the firm has over its competition. The study therefore recommends that the corporations should increase leadership trainings so as to improve on the leadership skill of the leaders. The study also found that strategy commitment had a positive relationship with the implementation of market entry strategy and completive advantage. Strategic commitment is important for the long-time survival of the organisation. The study therefore recommends that the multinational corporation should make staff more aware of market entry strategies in the organization.

The study found that resources have a positive relationship with the implementation of market entry strategy and completive advantage. An organization needs resources that are diverse in nature to increase its competitive advantage. The study therefore recommends that the multinational corporation should ensure that there are adequate staffs with adequate skills and capabilities in the organization. It also recommends that there are enough assets that are required in the implementation of market entry strategy.

The study found that environmental factors had a negative relationship with the implementation of market entry strategy and completive advantage. The study therefore recommends that standardization of the foreign exchange rates should be enhanced. It also recommends that a favourable legal framework should be adopted. Organisations should also have adequate knowledge of the environmental factors in the market they operate in to enable them come up with policies that will help them counteract these external factors in the long term.

5.5 Limitations of the study

One of the challenges that faced the study was that some multinational corporation managers failed to fill the questionnaires as they were always busy in meetings. However, in such cases, the researcher left the questionnaires for them to fill at their free time and made frequent follow ups as a reminder on this. The questionnaires were then collected after two to three days. In other instances, the researcher did not get the multinational corporation managers and had to request for help from the employees.

Some of the employees felt as if they were being investigated and hence were hesitant to fill the questionnaires. The researcher however worked at winning their confidence by ensuring the participants that their confidentiality would be upheld. The letter of authorization to collect data that was provided by the learning institution also helped to ease some of this fear.

Getting the right target respondents to participate in the study was another challenge experienced. The researcher targeted the marketing and operations managers in the 18 Chinese multinational corporations to fill the questionnaires. Given the technique employed for administering the questionnaire was drop and pick, some questionnaires got filled by unintended respondents. Frequent follow ups were done to ensure that the right respondents provided the responses to the study. In some instances, other questionnaires had to be availed again to ensure that the right respondents provided the information.

Time aspect of carrying out the data collection was another challenge. The researcher had to complete the research in a specific time frame and sometimes this was not favorable to the availability of the respondents. Given this challenge the researcher created time to ensure that follow ups were done to ensure that the questionnaires were returned back within the acceptable time frame.

5.6 Areas for Further Research

This study was done on the challenges of implementation of entry strategies and competitive advantage of Chinese multinational corporations in Kenya. Generalization of the findings of these studies to other multinational companies that that are faced with the challenge of implementation of entry strategies and competitive advantage is not possible.

Therefore, the study suggests that other research studies should be done on other multinational companies that that are faced with the challenge of implementation of entry strategies and competitive advantage such as those in the banking sector and in the oil sector. This study did not restrict itself to any particular segment or industry. Therefore, there is room for future studies to be carried out on Chinese multinational companies within specific industries such as the construction companies which has seen an increase in the companies set up operation in the Kenyan market. Another area of interest that would benefit from such a study is the food industry going by the number of Chinese restaurants in the country. These industries will benefit from the knowledge that would be available to them in formulating entry strategies to the Kenya market and also help them gain competitive advantage.

Finally there is room for further research on how the implementation of entry strategy challenges identified in this study can be applied to local industries which compete with the Chinese multinational companies. This will assist to find out if the dynamics also apply to them given that they operate within the same market. This research will be useful to future industries that will set up operation within the Kenyan market to enable them formulate and implement entry strategies and gain competitive advantage.

REFERENCES

Barasa, N.A. (2013). Foreign Market Entry Strategies Used By Multinational Pharmaceutical Firms In Kenya. Retrieved from http://chss.uonbi.ac.ke

Beer, M., &Eisenstat.R. (2000).The Silent Killers of Strategy Implementation and Learning.*Sloan Management Review*, *41*(4), 29-40

Bhattacherjee, A. (2012). *Social Science Research: Principles, Methods, and Practices*. New York: Free Press

Brady, D. (2010). *Essentials of International Marketing.*Hampshire: Hobbs the printer.

Bryman, A. & Cramer, D. (2012).*Quantitative Data Analysis with SPSS Release 8 for Windows.* New York: Routledge

Cheptegei, D. K. (2016). Foreign market entry strategies used by multinational corporations in Kenya: a case of coca cola Kenya ltd. *European Journal of Business and Strategic Management 1*(2); 70 – 85

Cooper, D. R., & Schindler, P. S. (2006). *Business Research Methods.* New Delhi: Tata McGraw Hill.

Dekhane, M. (2014). Strategy Implementation – Challenges. Retrieved from essay.utwente.nl/66188/1/brinkschroeder_BA_MB.pdf

Emerson, R. M. (1963). Power-dependence relations.*American Sociological Review*, 27, 31-41.

Ernes, J. (2015).Market Entry Strategies and Competitive Advantages in Poland.*Change Management in Transition Economies*, *12*, 153-175

Frawley, T. &Fahy, J. (2006).Revisiting the First-Mover Advantage Theory: A Resource-Based Perspective.*Irish Journal of Management, 27* (1), 273- 295.

Freeman, S. & Reid, I. (2006).Constraints facing small western firms in transitional markets.*European Business Review, 18*(3), 187-213.

Gichinga, S. M. (2012). *Challenges of implementing entry strategies in East African Market by Ernst & Young*. Retrieved from http://erepository.uonbi.ac.ke/handle/11295/9197

Gichuki, A. W. (2012). *Effect of Multinational Chinese Firms in Competition with the Local Firms in Kenya*. Retrieved from http://erepository.uonbi.ac.ke

Greener, S.L. (2008).*Business Research Methods*. Copenhagen: Ventus Publishing ApS.

Hiriyappa, B. (2009). *Strategic Management.*New Delhi: New age International Publisher.

Imbach, M., Moser, R., Rehbock, P. &Ruigrok, W. (2015).*Market Entry Challenges For Swiss Companies - Lessons Learned*. Retrieved from https://acc.unisg.ch/-/media/.../acc-market-entry-india-study-public-summary-1.pdf

Juma, V. (2017).*China's Foton's Car Assembly Plant in Nairobi Up for Auction*. Retrieved from http://allafrica.com/stories/201706130629.html

Karkkainen, A. (2005). Selection of International Market Entry Mode.*Journal of Marketing. 30*(5), 81-94.

Kazi, M. C. (2013). *Foreign market entry strategies and challenges faced by South African Breweries Ltd in the Kenyan market.* Retrieved from http://erepository.uonbi.ac.ke/handle/11295/59831

Kenya Investment Report (2018). Annual and financial statement report. Retrieved from www.oagkenya.go.ke

Khan, M.A. (2015).*Challenges For MNEs Operating In Emerging Markets.* Retrieved from http://www.aabri.com/LV2014Manuscripts/LV14045.pdf

Koech, L.C. (2012). *Foreign market entry strategies adopted by Kenya seed company limited*. Retrieved from http://erepository.uonbi.ac.ke/handle/11295/13625

Kothari, C. R. (2009). *Research methodology*: *Methods and techniques*. New Delhi: New Age International (P) Limited Publishers.

Long, F. (2015). *Utilization of social media in market entry strategies: A case study of multinational companies in China*. Retrieved from https://aaltodoc.aalto.fi/

Makori, V. O. (2006). *Challenges faced by African airlines in selecting and entering international markets.* Retrieved from http://erepository.uonbi.ac.ke/handle/11295/22232

Mathenge, C. W. (2011). *Mergers and acquisitions as a strategy for competitive advantage: a case study of Total Kenya limited.* Retrieved from http://erepository.uonbi.ac.ke

Muchina, P. (2011). *Foreign market entry strategies used by Ecobank Kenya Limited to enter the Kenyan market*. Retrieved from http://erepository.uonbi.ac.ke/handle/11295/6113

Munyiri, M. M. (2014). *Market entry strategies used by multinational corporations to enter into Kenyan market*. Retrieved from http://erepository.uonbi.ac.ke/handle/11295/76340

Mutua, B.W. (2013). *Competitive Strategies Adopted By National Bank of Kenya to Cope With Environmental Changes.* Retrieved from http://erepository.uonbi.ac.ke

Narasimhan, C. & Zhang, Z. (2000) Market entry strategy under firm heterogeneity and asymmetric payoffs. *Marketing Science 19*(4), 313-327.

Njue, O. M. (2014). *Perceived effectiveness of employee empowerment strategies adopted by Chinese owned building & construction firms in Kenya.* Retrieved from http://erepository.uonbi.ac.ke

Nyakundi, R. G. (2016). *Chinese foreign direct investments entry strategies and firm performance*. Retrieved from http://erepository.uonbi.ac.ke

Okokon, A. & Adams D. (2014). Appraisal of Marketing Strategies of the Multinational Companies in Nigeria.*European Journal of Business and Management 6*(22); 2222-2839

Omondi, O. M. (2016). *Effect of merger and acquisition strategy on competitive advantage of ICEA and lion group, Kenya.* Retrieved from http://erepository.uonbi.ac.ke/handle/11295/99405

Onyalo, W. A. (2016). *Market entry strategies adopted by multinational smartphone companies in Kenya: a case study of Tecno mobile.* Retrieved from http://erepository.uonbi.ac.ke/handle/11295/99657

Pfeffer, J. & Salancik, G. R. (1978).*The external control of organizations.*New York: Harper and Row.

Porter, M. E. (1985). *Competitive advantage: creating and sustaining superior performance*. New York: Free Press.

Porter, M.E. (1980). The five competitive forces that shape strategy.*Harvard Business Review*, 57(1), 57- 71.

Shama, A. (2000). Determinants of Entry Strategies of U.S. Companies into Russia, the Czech Republic, Hungary, Poland, and Romania.*Thunderbird International Business Review, 42*(6), 651–676.

Sogo, L. (2015). *Determinants of Foreign Market Entry Strategies to Gain Competitive Advantage by Commercial Banks In Kenya.* Retrieved from http://erepository.uonbi.ac.ke/

Tawanda M. (2016). *Modes of market entry and strategies for South African Companies doing business in Tanzania.* Retrieved from https://repository.up.ac.za/

Von Bertalanffy, L. (1972). The History and Status of General Systems Theory.*Academy Of Management Journal*, *15*(4), 407-426.

APPENDICES:

Appendix I: Research Questionnaire

This questionnaire seeks to investigate on the challenges of implementation of entry strategies and competitive advantage of Chinese multinational corporations in Kenya. Kindly answer all the questions truthfully and as precise as possible. All the information provided will be treated with anonymity and strict confidentiality. Kindly put a tick in the spaces provided depending on the type of question.

General Information

1. Gender

    Male [ ]

    Female [ ]

2. Age bracket

    Below 25 years [ ]   26 to 35 years [ ]

    36 to 45 years [ ]   46 to 55 years [ ]

    Above 55 years [ ]

3. For how long has you corporation been operating in Kenya?

    Less than 2 years [ ]   2 to 4 years [ ]

    5 to 7 years [ ]   8 to 10 years [ ]

    11 to 13 years [ ]   More than 13 years [ ]

Market Entry Strategies

4. Which of the following market entry strategies has your organization been using to enter into the Kenyan market?

Market entry strategies	
Licensing	[ ]
Franchising	[ ]

Exporting	[ ]
Contractual agreements	[ ]
Joint venture	[ ]
Wholly owned subsidiaries	[ ]

5. Which other market entry strategies has your organization been using to enter into the Kenyan market?

   ………………………………………………………………………………………

   ………………………………………………………………………………………

Challenges facing the implementation of market entry strategies

6. To what extent do you agree with the following challenges of market entry strategies' implementation in your organization? Where 5 denotes strongly agree, 4 denotes agree, 3 denotes neutral, 2 denotes disagree and 1 denotes strongly agree.

	1	**2**	**3**	**4**	**5**
Resources					
There are no adequate staff to implement the strategies in our organizations					
There are inadequate skills and capabilities in our organization to implement the market entry strategies					
Finances to implement market entry strategies are usually not enough					
Our organization does not have enough assets required in the implementation of market entry strategies					
Strategy commitment					
In our organization there is lack of strategy commitment					
There is strategy misunderstanding in our organization					
The staff on organization are unaware of market entry strategies					
Organizational leadership					

There is poor coordination in the implementation of strategies in our organization					
Leadership in organization lack the skills to ensure implementation of market entry strategies					
Leaders in our organization are not committed to strategy implementation					
Environmental Factors					
Economic factors affect the resources availability in the implementation of market entry strategies					
Fluctuating foreign exchange rates raise the cost of implementing market entry strategies					
The politics in the country affect implementation of market entry strategies					
The legal framework is not favorable to the implementation of market entry strategies					
Rapid changes in technology negatively affects implementation of market entry strategies					

7. Which other challenges does your organization face in the implementation of market entry strategies?

   ………………………………………………………………………………………

   ………………………………………………………………………………………

Competitive advantage of Chinese Multinational Corporations in Kenya

8. How do you rate the following measures of competitive advantage in your organization? Where 5 denotes Excellent, 4 denotes good, 3 denotes moderate, 2 denotes bad and 1 denotes poor.

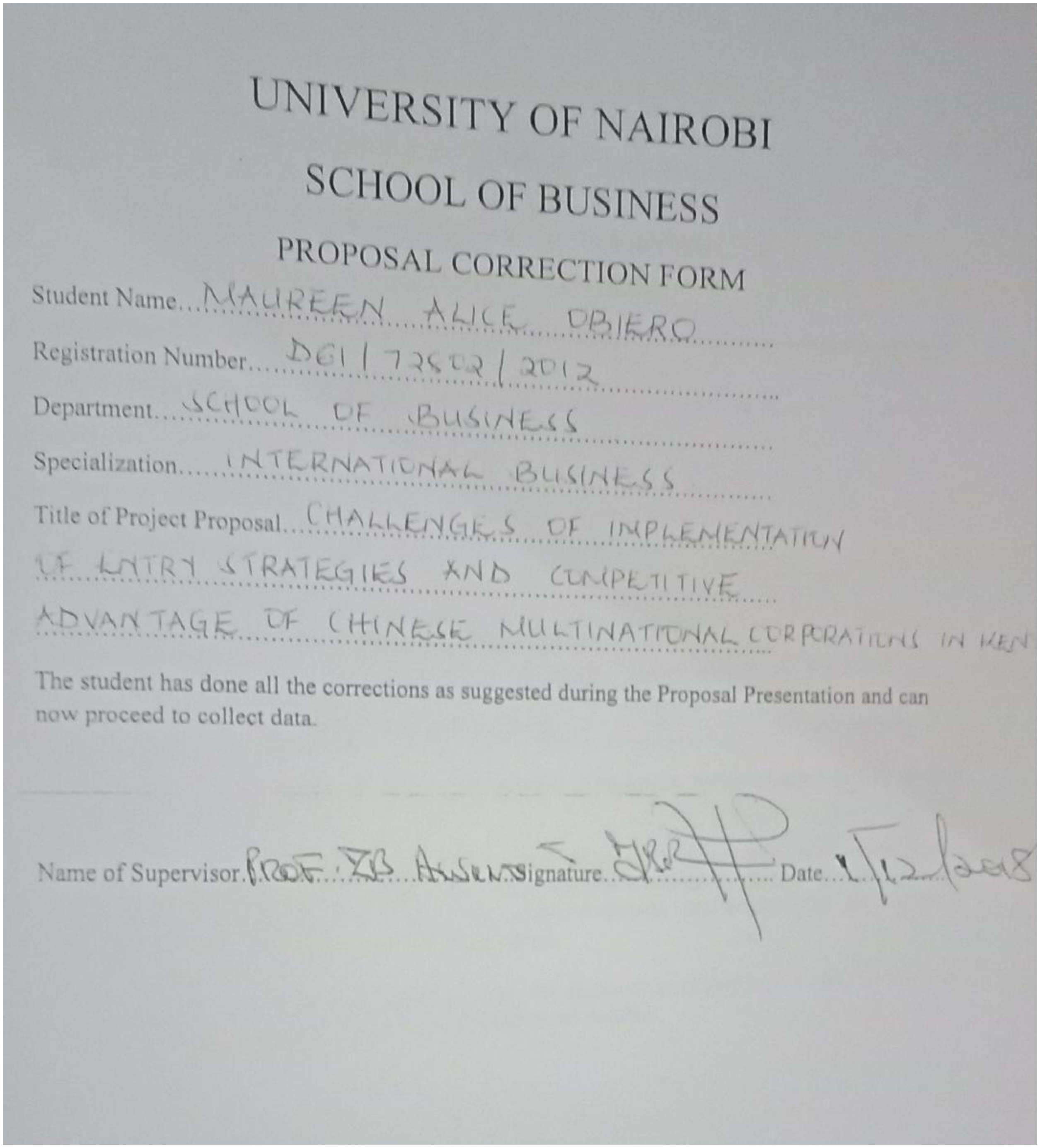
	1	**2**	**3**	**4**	**5**
Market share					
Profitability					
Customer revisits/repurchase					
Sales volume					

Appendix II: List of Chinese MNC’s

1. China Sichuan International Cooperation
2. Union Pay
3. China Wu Yi
4. Sinopec
5. Sino Hydro Group
6. China Road and Bridge Corporation
7. Jiangsu International Group
8. Chery Automobile
9. Beiqi Foton
10. Lenovo
11. China National Offshore Oil Corporation (CNOOC Group)
12. Great Wall Drilling Company
13. ZTE
14. China Overseas Ltd
15. Huawei
16. Guangxi Hydroelectric Construction Bureau
17. Fubeco Limited
18. Jiangxi International

Source: (Economic & Commercial counselor’s Office, Embassy of the People’s Republic of China in Kenya, March 5, 2014)

Appendix III: Proposal Correction Form



UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

PROPOSAL CORRECTION FORM

Student Name...MAUREEN ALICE OBIERO.........

Registration Number...D61/72582/2012............

Department...SCHOOL OF BUSINESS...............

Specialization...INTERNATIONAL BUSINESS...........

Title of Project Proposal...CHALLENGES OF IMPLEMENTATION OF ENTRY STRATEGIES AND COMPETITIVE ADVANTAGE OF CHINESE MULTINATIONAL CORPORATIONS IN KEN

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor...PROF. ZB AWINO...Signature.............. Date...1/12/2018

Source: University of Nairobi, School of Business.

Appendix IV: Data Collection Authorisation Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 5/12/2018

TO WHOM IT MAY CONCERN

The bearer of this letter MAUREEN ALICE OBIERO

Registration No. D61/72602/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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

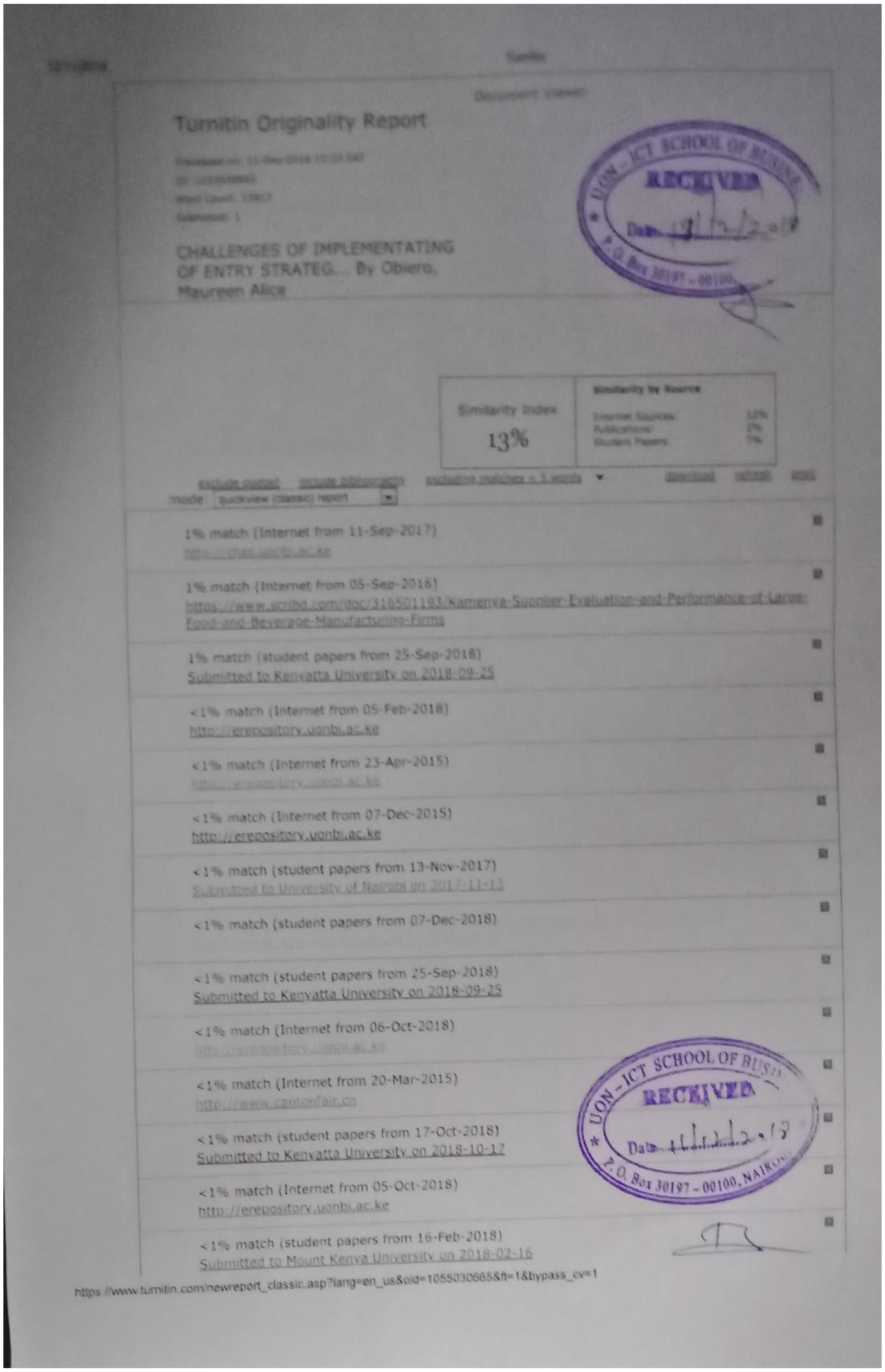
Thank you.

UNIVERSITY OF NAIROBI
05 DEC 2018

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

Source: University Of Nairobi, School of Business.

Appendix V: Turnitin Report



Turnitin Originality Report

CHALLENGES OF IMPLEMENTATING OF ENTRY STRATEG... By Obiero, Maureen Alice

UON - ICT SCHOOL OF BUSINE[SS]
RECEIVED
Date
P.O. Box 30197 - 00100

Similarity Index	Similarity by Source
13%	

exclude quoted   include bibliography   excluding matches ≤ 5 words   download   refresh   print

mode: quickview (classic) report

1% match (Internet from 11-Sep-2017)
http://chss.uonbi.ac.ke

1% match (Internet from 05-Sep-2016)
https://www.scribd.com/doc/316501193/Kamenya-Supplier-Evaluation-and-Performance-of-Large-Food-and-Beverage-Manufacturing-Firms

1% match (student papers from 25-Sep-2018)
Submitted to Kenyatta University on 2018-09-25

<1% match (Internet from 05-Feb-2018)
http://erepository.uonbi.ac.ke

<1% match (Internet from 23-Apr-2015)
http://erepository.uonbi.ac.ke

<1% match (Internet from 07-Dec-2015)
http://erepository.uonbi.ac.ke

<1% match (student papers from 13-Nov-2017)
Submitted to University of Nairobi on 2017-11-13

<1% match (student papers from 07-Dec-2018)

<1% match (student papers from 25-Sep-2018)
Submitted to Kenyatta University on 2018-09-25

<1% match (Internet from 06-Oct-2018)
http://erepository.uonbi.ac.ke

<1% match (Internet from 20-Mar-2015)
http://www.cantonfair.cn

<1% match (student papers from 17-Oct-2018)
Submitted to Kenyatta University on 2018-10-17

<1% match (Internet from 05-Oct-2018)
http://erepository.uonbi.ac.ke

<1% match (student papers from 16-Feb-2018)
Submitted to Mount Kenya University on 2018-02-16

UON - ICT SCHOOL OF BUS[INESS]
RECEIVED
Date
P.O. Box 30197 - 00100, NAIRO[BI]

https://www.turnitin.com/newreport_classic.asp?lang=en_us&oid=1055030665&ft=1&bypass_cv=1

Source: University of Nairobi, School of Business