

**MULTINATIONAL CORPORATIONS IN KENYA AND
APPLICATION OF THE BOTTOM OF THE
PYRAMID PROPOSITION**

BY:

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OF THE REQUIREMENTS OF A MASTER OF BUSINESS
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DECLARATION

This research project is my original work and has not been submitted for examination at any other university.

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D61/61783/2010

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

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DEDICATION

This project is dedicated to my Mum, Dad and brother whose unwavering prayers and support from the beginning to the end of the project has been graciously Godsend and valuable. Words alone cannot express my appreciation; I will forever be indebted to you. God bless you! A special dedication also goes to my relatives especially Grandmother Agnes, Aunt Emma and Cousins Maureen, Maria and Grace for praying with me and being an encouragement when I needed it.

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ABSTRACT

The Bottom of the Pyramid (BoP), a concept pioneered by Hart and Prahalad (2002), is a phrase used to describe both the largest but poorest people living on less than \$2 a day, as well as the business models used by firms to serve this group. The underlying idea behind the BoP proposition is that the potential growth for many multinational (MMC) and medium sized companies is not in the small high income market. Instead, its source is the mass low-income people. The BoP concept has however received a lot of criticism as it seems more of an ideological pipe dream and most of the critics insist that firms claiming to have successfully implemented the BoP concept stretch the truth. MNCs have a lot of influence on the host countries, and that is why they are the main actors in the BoP proposition. The objective of this study was to determine whether the BoP proposition is applied by the 226 foreign MNCs in Kenya.

A cross-sectional type of survey was conducted, which was appropriate for the large number of the foreign MNCs in the country. A sample of 35 MNCs was drawn from the 226 MNCs through simple random sampling. Primary data was collected using structured questionnaires. It was determined that half of the respondents (50%) indicated that their organizations had never applied the concept and only 17.9% indicated that their organizations had always applied it. This implied that applying the BoP proposition may be a challenge for MNCs probably due to high cost, no profits at the market and lack of market viability. The study recommends that the various MNCs in the country look for innovative ways to adopt the BoP concept as it was established that it has its advantages which might surpass the accompanying hindrances / challenges that the firms encounter during the BoP implementation process.

TABLE OF CONTENTS

Declaration.....	ii
Acknowledgements.....	iii
Dedication.....	iv
Abstract.....	v
List of tables.....	ix
List of figures.....	xi
CHAPTER ONE: NTRODUCTION.....	2
1.1 Background of the study.....	2
1.1.1 The Bottom of the Pyramid Proposition.....	3
1.1.2 Multinational Corporations in ICenya.....	4
1.2 Research Problem.....	6
1.3 Research Objective.....	7
1.4 Value of the Study.....	7
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 The Bottom of the Pyramid Rationale.....	10
2.1.1 Other important concepts relating to the BoP proposition.....	15
2.1.2 BoP Impact Assessment Framework and the BoP Protocol.....	17
2.2 Criticism of the BoP rationale	

2.3 The role of Multinational Corporations.....	22
CHAPTER THREE: RESEARCH METHODOLOGY.....	26
3.1 Introduction.....	26
3.2 Research Design.....	26
3.3 Population.....	27
3.4 Sample Design.....	27
3.5 Data Collection.....	27
3.6 Data Analysis.....	28
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	29
4.1 Introduction.....	29
4.2 Response rate	29
4.3 Respondents' managerial position.....	29
4.4 Respondents' level of awareness and relevance of the BoP proposition.....	30
4.5 Respondents' rating of the Bottom of the Pyramid in terms of relevance to operations in their organizations.....	31
4.6 Whether the respondents' organizations had applied the BoP.....	31
4.7 The period the respondents' organizations had ever applied the Bottom of the Pyramid proposition.....	32
4.9 Respondents' responses pertaining to planning for the Bottom of the Pyramid in their organization.....	34

4.10 The main challenge(s) or hindrance(s) faced in the application of the Bottom of the Pyramid proposition in the respondents' organizations.....	35
4.11 The main strategy that the respondents' organizations use/have used in applying the Bottom of the Pyramid proposition.....	35
4.12 Level the respondents' firms have applied the BoP proposition.....	36
4.13 Main positive impact of applying the BoP concept.....	37
4.14 The main negative impact(s) of applying the BoP concept.....	37
4.15 The main impact of not applying the BoP proposition in respondents' organizations.....	38
4.16 Respondents' responses on how BoP market affected their organizations.....	39
4.17 Pearson Correlation analysis.....	39
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	43
5.1 Introduction.....	43
5.2 Summary of Findings.....	43
5.3 Conclusion.....	44
5.4 Recommendations.....	45
5.5 Suggestion for further study.....	45
REFERENCES.....	47
APPENDICES.....	50

LIST OF TABLES

Table 1.1: New Strategies for the Bottom of the Pyramid.....	15
Table 4.1: Respondents' managerial position.....	29
Table 4.2: Respondents' level of awareness of the BoP proposition.....	30
Table 4.3: Respondents' rating of the Bottom of the Pyramid in terms of relevance to operations in their organizations.....	31
Table 4.4: Whether the respondents' organizations had applied the BoP.....	31
Table 4.5: The period the respondents' organizations had ever applied the Bottom of the Pyramid proposition.....	32
Table 4.6: Responses on whether respondents' organizations continued to apply the Bottom of the Pyramid concept.....	33
Table 4.7: Respondents' responses pertaining to planning for the Bottom of the Pyramid in their organizations.....	34
Table 4.8: Main challenge(s) or hindrance(s) faced in the application of the Bottom of the Pyramid proposition in the respondents' organizations.	35
Table 4.9: The MAIN strategy that the respondents' organizations use/have used in applying the Bottom of the Pyramid proposition.	35
Table 4.10: Level the respondents' firms have applied the BoP proposition.....	36
Table 4.11: Main positive impact(s) of applying the BoP concept.....	37

Table 4.12: The main negative impact(s) of applying the BoP concept.....	37
Table 4.13: The main impact of not applying the BoP proposition in respondents' organizations.....	38
Table 4.14: Respondents' responses on how the BoP market affected their organizations	39
Table 4.15: Correlation analysis.....	40

LIST OF FIGURES

Figure 2.1: World Economic Pyramid.....	11
Figure 2.2: Bottom of the pyramid framework.....	14

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Kenya hosts two hundred and twenty six foreign Multinational Corporations. It is a regional hub for trade and finance for these foreign MNCs, with about ten of them setting up their regional headquarters in Nairobi. MNCs provide developing countries like Kenya with critical financial infrastructure and enormous resources for economic and social development. They have immense potential to influence host countries, which is why they are the main actors in Prahalad's Bottom of the Pyramid proposition. The Bottom of the Pyramid (BoP), a concept pioneered by Hart and Prahalad (2002), describes the largest but poorest people living on less than \$2 a day, or at the bottom of the economic pyramid. The phrase 'Bottom of the Pyramid' is also used by firms developing new models of doing business that deliberately target the BoP market, often using new technology. The BoP concept is neither CSR nor philanthropy as it has a profit component.

The BoP proposition has received a lot of criticism as it seems more of an ideological pipe dream. Hart and Prahalad (2002) stated that the real market opportunity for MNCs is not the wealthy few or the middle-income consumers, rather it is "the billions of aspiring poor." Critics however insist that firms claiming to have successfully implemented the BoP proposition stretch the truth. There is neither market nor profit to be made by MNCs at the BoP market and the so called BoP activities are either profitable but not socially beneficial, or socially virtuous but not profitable (Garrette & Karnani, 2010). In addition.

according to Karamchandani, Kubzansky, & Lalwani, (2011), not all firms are meant to use the BoP concept, though they do not give guidelines on who should. This study focused on the criticism on the BoP proposition with a view to determining its application by MNCs in Kenya. According to the World Bank, the people at the BoP took nearly a half of the Kenyan population as at 2006. Given that the BoP market takes up a big portion of the population and that they are the middle class of tomorrow, they are a force to reckon with for MNCs. Similarly, the BoP concept carries with it noble ideas whose benefits for MNCs according to Hart and Prahalad (2002) include profits, growth and incalculable contributions to humankind. However, its critics may be right as it requires firms to make huge changes, which may be costly. The researcher therefore conducted a descriptive survey to determine if the BoP proposition has been applied by foreign MNCs in Kenya.

1.1.1 The Bottom of the Pyramid Proposition

The Bottom of the Pyramid (BoP) refers to business models that firms use to serve the people in Tier 4(bottom) of the economic pyramid. It involves creation of new profit-seeking market opportunities among low income segments with the simultaneous goal of contributing to the resolution of significant societal problems in these regions. A key component of the BoP rationale is the belief that there is profit to be made from "doing good." This is also what distinguishes it from Corporate Social Responsibility, which traditionally does not require an income-generating component (Boxenbaum & Olsen, 2009). The poor ought not to be seen as victims or as a burden, rather as resilient, innovative and value-conscious consumers. The real market opportunity for MNCs is not the wealthy few or the middle income consumers, but the 'billions of aspiring poor', a

huge unserved market. The challenge for MNCs is to produce and distribute products in culturally sensitive, environmentally sustainable and economically profitable ways. Given that the people at the BoP have low purchasing power, MNCs should change their strategies and ways of measuring profits from "bigger is better" to low-cost high-volume sales (Hart & Prahalad, 2002).

Kamani (2007), however, a major critic of the BoP proposition, wrote that while a few market opportunities do exist, the market at the BoP is generally too small monetarily to be very profitable for most multinationals. He instead suggested that MNCs can play a key role in poverty alleviation by viewing the poor as producers, and emphasize buying from them, rather than selling to them, lie further said that the costs of serving the markets at the BoP can be very high. In addition, success at the bottom of the pyramid, according to Karamchandani et al. (2011), requires companies to adapt their business to environments that are very different from their core markets. They said that the BoP clearly isn't for every company, even if a company is highly motivated to engage with this population. Olsen and Boxenbaum (2009) added that while both scholars and practitioners pay much attention to BoP management theory and proclaim it to be the next big wave to hit large multinationals, few companies have as yet succeeded in implementing it mainly due to organizational barriers.

1.1.2 Multinational Corporations in Kenya

Kenya hosts approximately two hundred and twenty six foreign MNCs. Multinationals were established in Kenya as early as 1650 and currently 61% of them are foreign-owned while 39% are locally-owned. Virtually all the sectors of the economy are covered by

Multinational Corporations, majority of which are from Europe. The only significant sectors in which both foreign and local investment is constrained is those state corporations where the government still enjoys a statutory de facto monopoly. These are restricted almost entirely to infrastructure-power, mail service, fixed-line telecommunications and ports. Even in these sectors, ongoing commercialization and economic reform is expanding the room for private business (Samuel, 2010). The most popular foreign MNCs in Kenya include beverage and soft drink manufacturer Coca-Cola; Motor Vehicle dealer Toyota and mobile operator Safaricom. Vietnamese government-owned Viettel is another multinational set to join the four mobile operators soon, and so is Massmart, a South African Multinational retail chain, which will be the first of its kind in Kenya.

Over 70% of the MNCs are located in the capital city Nairobi particularly Industrial Area, while the rest are in Upper Hill, Westlands, Parklands and Mombasa road. Kenya and especially Nairobi is attractive to the MNCs mainly because of its central location in East and the rest of Africa, and a fast growing pool of skilled manpower among others. Laying of the fibre optic cables has also helped a lot, as it means faster and cheaper internet that is useful in communication with parent companies. For the same reasons, a big portion of the foreign MNCs are in the services sector, mainly banking, IT, hospitality, etc. Opportunities abound for MNC investment in Kenya's agricultural, industrial and commercial sectors e.g. horticulture, agro processing, textiles and apparels, plastics and pharmaceuticals, tourism, ICT operations and financial services. Mining has also proven in the recent past to be an attractive investment opportunity as is the case with the mining of titanium in Coast Province and exploration for oil and gold by

international companies (Samuel, 2010). Earlier this year, the oil and gas exploration giant Tullow Oil discovered oil at the Ngamia-1 well on block 10BB. Commercial viability of the oil is still being explored.

1.2 Research Problem

The BoP concept proposes that there is a strong business case associated with the pursuit of the largely untapped purchasing power at the bottom of the economic pyramid. Prahalad and Hart (2002) suggested that large multinationals can make significant profits and simultaneously help alleviate poverty by selling products to the poor that specifically meet their needs. Some of the first initiatives along these lines were taken by SC Johnson, Procter & Gamble and Unilever, which have developed affordable, for-profit consumer products for some of the poorest regions of the world and simultaneously targeted widespread social problems such as water pollution and iodine deficiency (Boxenbaum & Olsen, 2009). According to the BoP experts Prahalad and Hammond, "the BOP initiative will not only eradicate poverty, but also cure economic stagnation, deflation, governmental collapse, civil wars, and terrorism."

There are 226 foreign Multinational Corporations in Kenya, which take up 61% of all the MNCs in Kenya. Employment in these MNCs ranges from 26 to 80000 employees (Samuel, 2010). MNCs from Europe take up the biggest portion, 53%, followed by those from Asia which take up 22%. Among the things attracting MNCs to Kenya include the formation of the common market, infrastructural improvements, laying of the fibre optic cable and the Lapset project, among others. About 10 of them have made Kenya the regional headquarters for the above reasons. Most of these MNCs' target market is the

middle-income earners. The poor are also served, like in mobile phone operators' small denomination scratch cards and consumables single-serve packages as they cannot afford bulk purchasing. Some of the most well-known MNCs in Kenya include soft drink and beverage company Coca-Cola, vehicle manufacturers and distributors such as Toyota and General Motors and oil marketer Total.

Though much has been written on Multinational Corporations in Kenya, very little has been written on the BoP proposition among MNCs in Kenya. Majority of the MBA projects on Multinational Corporations in Kenya from the University of Nairobi are on strategy and they include "Strategies adopted by Multinational Corporations to cope with competition in Kenya", (Samuel 2010). Mwangi (2009) conducted a survey on manufacturing multinationals operating in Nairobi to determine challenges of Strategy Implementation. Finally, Gachanja (2009) wrote on Strategies adopted by manufacturing Multinational Corporations to cope with social cultural challenges in Kenya. With regard to the topic of research, the research question is, is the BoP proposition applied by MNCs in Kenya?

1.3 Research Objective

The main objective of this study was to determine whether the BoP proposition is applied by the foreign Multinational Corporations in Kenya.

1.4 Value of the Study

The study on the application of the Bottom of the Pyramid proposition by Multinational Corporations in Kenya will be of value to the BoP market in Kenya as well as the

government and policy makers. For the BoP market, the BoP concept carries with it the possibility of a solution to their poverty problem. Similarly, this study will aid in making such decisions as where to work, buy their products, e.t.c. The assumption that the poor may not care as much for information as it is a luxury they may not afford is not entirely true. Policymakers and the government also stand to benefit from this study. A solid understanding of the application of the BoP proposition among MNCs in Kenya by policymakers and the government will impact on their investment and policy decisions. The government and policymakers influence the regulatory regime under which MNCs operate. They are interested in understanding how MNCs influence economic development and national welfare. The expectation that foreign investment will benefit the local economy has motivated many governments to offer attractive incentive packages to entice investors. This study will therefore influence foreign investment policies such as tax waivers for those MNCs that implement the BoP proposition as it uplifts the lives of a major chunk of the population. It should also be noted that this is the election period and politicians may use information from this study to their advantage, like seeking sponsorship for campaigns from MNCs that apply the BoP in exchange for selling their image to the voters or vice versa.

NGOs and International Organizations, whose main interest is social justice and ethics, will benefit from this study as it will enable them to make informed investment, support or lobby decisions. They also at times seek funding from MNCs and have at times come up with products that uplift the lives of the poor like microfinance. They will therefore find knowledge of the BoP proposition being applied by MNCs in Kenya very useful and may form partnerships with them, for instance. The impact of multinational firms on their

environment is, or should be, equally relevant to MNC managers. Positive impacts help build a company's reputation as an actor concerned for its stakeholders. Negative impacts risk triggering adverse reactions from stakeholders such as local politicians concerned about employment, and consumer NGOs concerned about ethics, while positive impacts are likely to encourage a boost from them. MNCs will therefore benefit from this study in knowing whether or not the BoP proposition could be another way for them to positively impact on their reputation.

Finally, this study will be of value to the MNC managers and the academia. The concept advocates for better MNC production and distribution policies, e.g. making sustainable and environmentally friendly products for the BoP market that could be adapted to other markets, which may be cheaper for them. Similarly, MNCs stand to make huge benefits if they adopt the BoP proposition according to Hart and Prahalad (2002). They will gain information on whether the BoP proposition is worth applying, and the appropriate ways it can be applied. This study will also prompt MNCs to team up with suppliers and other partners in finding affordable ways of distributing their products to BoP consumers. The MNCs that do not presently serve the BoP market will benefit from this study in that they will learn how others have done it, and adopt it to their firms. Finally, this study may attract a lot of interest from academia as it is a new area of research in Kenya. It will add to the body of knowledge and also prompt further research as the topic is fairly new, as well as comparison with other countries.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section will review literature by different writers on the Bottom of the Pyramid rationale and the role of Multinational Corporations.

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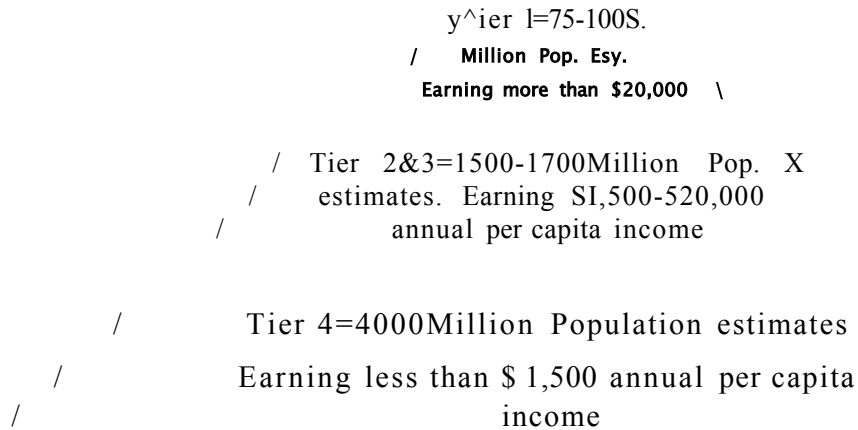
2.2 The Bottom of the Pyramid Rationale

The Bottom of the Pyramid (or Base of the Pyramid, BoP) in this study is a phrase used interchangeably to describe the people living at the Bottom of the Economic Pyramid and the business models that firms use to serve those living at the BoP. With regard to the people, the bottom of the pyramid is the largest, but poorest group in the socio-economic pyramid. Basically, there are four tiers in the socio-economic pyramid. The very rich in developed countries and a few elites in the developing countries occupy the first tier, followed by the upper and lower middle classes (or poor in the developing world) in tiers two and three respectively and finally the poor in tier four. Prahalad and Hart (2002) say that worldwide, the BoP is the 4 billion people in the world living on less than \$2 a day (or an annual income of less than \$1,500) based on the purchasing power parity. According to the World Bank, the world population is roughly 80% poor, 10% middle income earners and 10 % high income earners. It is important to note that the World Bank defines extreme poverty as living on less than \$1.25 per day (PPP) and moderate poverty as \$2 per day (PPP). Poverty seems to be growing worldwide, even though

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extreme poverty has fallen by approximately 200 million since 1990 (Daniels et al., 2011).

Figure 2.1: World Economic Pyramid



Source: UN World Development Report

Most Tier 4 occupants live in rural villages or urban slums and shanty towns, and they usually do not hold legal title or deed to their assets, (e.g. dwellings, farms and businesses). They have little or no formal education and are hard to reach via conventional distribution, credit and communications. The quality and quantity of products and services available to tier four is generally low (Prahalad & Hart, 2002). The BoP struggle for food, shelter, clothing, clean water, education, and live in areas without amenities like electricity, medical facilities and sewage systems. This is owing to the fact that they either live in outlawed areas like slums and therefore governments do not supply these amenities, or they are just unfortunately 'bypassed'. Lack of the above mentioned amenities translates to suffering, communicable diseases, malnutrition, mental illness, death, epidemics, famine, war and uncertain sources of income (Daniels et al., 2011).

The phrase 'Bottom of the Pyramid' also describes business models that firms use with an emphasis on consumers in low-income segments who often live in extreme poverty. It is a business strategy aimed at selling profit-seeking products to low-income segments while simultaneously contributing to the resolution of significant societal problems in these regions. This definition is closely linked to the framework set forth by the United Nations' Millennium Development Goal, which include hunger alleviation, universal education, gender equity, child health, maternal health, HIV/AIDS combat, environmental sustainability, and global partnerships. One specific target is to reduce extreme poverty to half its current level by the year 2015. According to the BoP experts Prahalad and Hammond, "the BoP initiative will not only eradicate poverty, but also cure economic stagnation, deflation, governmental collapse, civil wars, and terrorism." To make profits, MNCs sell low-cost products to masses and they can either create new quality products to meet low-income segment consumers' needs or alter existing ones to make them affordable. Basically, the BoP requires low price points; minimal marginal costs (reduced consumables and packaging to the bare minimum); "de-skilling" services so non-experts can deliver them and the use of local entrepreneurs (Boxenbaum & Olsen, 2009).

The underlying idea of the BoP proposition is that the potential growth for many multinational (MNC) and medium sized companies is not in the small high income market in the developing world. Instead, its source is the mass low-income people that are joining the market for the first time. This idea goes against the following assumptions, which, according to Prahalad, most MNCs make: it is not profitable for them to attend the BOP due to their current high cost structure; the low-income segment cannot afford

the products and services they sell; only developed markets value innovation and will pay for new technology; the Bottom of the Pyramid is not important for the long-term viability of their businesses; managers are not excited by business challenges that have a humanitarian dimension; intellectual excitement is in the developed market and it is difficult to find talented managers who want to work at the BoP. These arguments imply that governments and non-governmental organizations (NGO's) should take care of the low-income segment (Pitta, Guesalaga, Marshall, 2008).

According to Prahalad and Hart, MNCs that ignore the BoP with the assumption that there is no viable market there do so at their own peril as they do not take into account the fast-paced growth of the informal economy of the BoP, said to take up 40% to 60% of developing country economies. In addition, the disenfranchised in Tier 4 can disrupt the lives and safety of those in Tier 1, as poverty breeds discontent and extremism. That said, it is important to note that the potential of Tier 4 cannot be realized without an entrepreneurial orientation and no firm can do this alone and neither should they be left to the government and NGOs only. Local governmental authorities, NGOs, communities, financial institutions and other companies must be involved. The bottom-line idea is that when MNCs, the government, NGOs, financial institutions, communities and BoP work together, economic development and social transformation are achieved. This is illustrated in the BoP framework below:

Figure 2.2: Bottom of the Pyramid framework

/	Private enterprise	
Civil society organizations and local government	Economic development and social transformation	Development and aid agencies
W	BoP Consumers and Entrepreneurs ^ ^	

Adapted from "Fortune at the Bottom of the Pyramid" by Hart and Prahalad, (2002).

Serving the low-income sector requires a commercial strategy in response to the needs of those people. MNCs need four key elements to thrive in the low-income market: creating buying power; shaping aspirations; improving access and tailoring local solutions. Business leaders must therefore be ready to experiment, collaborate, empower locals and create new sources of competitive advantage and wealth. In addition, MNCs should build an organizational infrastructure to solve the problems at the BoP by implementing the following five organizational elements; build a local base of political support; conduct R&D focused on the poor; form new alliances with local firms and cooperatives, local and international NGOs and governments; increase employment intensity and reinvent cost structures. Tier 4 is not a market that allows for the traditional pursuit of high margins; rather, profits are driven by volume and capital efficiency Hart and Prahalad (2002). Prahalad further suggested that MNCs use the following new strategies for the Bottom of the Pyramid:

Table 1.1: New Strategies for the Bottom of the Pyramid

<p>Price performance</p> <ul style="list-style-type: none"> • Product development • Manufacturing • Distribution 	<p>Views of Quality</p> <ul style="list-style-type: none"> • New delivery formats • Creation of robust products for harsh conditions (heat, dust, e.t.c)
<p>Sustainability</p> <ul style="list-style-type: none"> • Reduction in resource intensity • Recyclability • Renewable energy 	<p>Profitability</p> <ul style="list-style-type: none"> • Investment intensity • Margins • Volume

Adapted from "The fortune at the Bottom of the Pyramid". (2002) by C.K. Prahalad and S.L. Hart.

2.1.1 Other important concepts relating to the BoP proposition

There are, unfortunately, very few examples of profitable businesses that market socially useful goods in low-income markets and operate at a large scale and many examples of businesses that profit by exploiting the poor. The poor are vulnerable by virtue of lack of education (often they are illiterate) or lack of information, and by virtue of economic, cultural, and social deprivations. The poor for instance spend a surprisingly large fraction of their income on alcohol and tobacco. Many companies exploit this tendency and make significant profits from the sale of alcohol and tobacco to the poor, which in marketing is known as undesirable inclusion. Undesirable inclusion is selling to the poor products that do not enhance their well-being. Products such as tobacco are profitable businesses that are socially bad for the poor; and they clearly do not fit the BoP proposition (Garrette & Karnani, 2010). Desirable inclusion on the other hand is marketing to the poor products that can enhance their well-being.

Secondly, there is the aspect of inclusive business. The BoP concept is one of the strategies that inclusive businesses employ. An inclusive business is a sustainable business that benefits low income consumers. It keeps its profit nature while contributing to poverty reduction through the inclusion of low income communities in its value chain. Simply put, inclusive business is all about including the poor in the business process either as producers or consumers. Usually, MNCs target consumers in the middle and high-income segments of society, and established suppliers and service providers from the formal economy. Inclusive businesses however find profitable ways to engage the low-income segment into their business operations in a way that benefits the low income communities and creates sustainable livelihoods. Inclusive businesses must be profitable, and at the same time socially/environmentally responsible. They expect to help improve the standard of living for low-income people by facilitating their participation in the value chain as suppliers, distributors, or other element of the channel, and by providing them with access to products and services that can help them improve their socio-economic condition (Pitta et al., 2008)

The final concept is inclusive capitalism. Inclusive capitalism suggests that companies and non-governmental organizations can sell goods and services to low-income people, which may lead to targeted poverty alleviation strategies, including improving people's nutrition, health care, education, employment and environment but not their political power.

2.1.2 BoP Impact Assessment Framework and the BoP Protocol

London (2009) invented the Bottom of the Pyramid Impact Assessment, a tool that provides a holistic and robust guide for BoP ventures to assess and enhance their poverty alleviation impacts. According to him, making better investments at the Bottom of the Pyramid should be based on the right measurements as many MNCs making an impact on the BoP have no idea how and who they are impacting. Businesses serving the may have basic data on financial outcomes and milestones achieved and some success stories to share, but they still lack a reliable method for assessing and enhancing their poverty alleviation performance. The Base of the Pyramid Impact Assessment Framework takes into account everything and not just a firm's financials. This framework gives managers a detailed look at the impact a BoP venture has on the economics, capabilities, and relationships of three critical groups: local buyers, local sellers, and local communities. The tool can help managers identify what's working and what's not - and can give them a better understanding of how to increase the value the venture is creating for itself, for funding sources, and for the people it has set out to serve.

Hart and Simanis (2008) developed the BoP protocol, an entrepreneurial process that guides companies in developing business partnerships with income-poor communities in order to co-create businesses that have mutual benefits for both the businesses and the poor. They focus on the poor as business partners and innovators rather than just as potential producers/consumers. SC Johnson was the first company to implement the BoP Protocol.

2.2 Criticism of the BoP rationale

While both scholars and practitioners have paid much attention to BoP management theory and proclaimed it to be the next big wave to hit large multinationals, few companies have as yet succeeded in implementing it. Despite the widely reported successes of early adopters like Procter & Gamble, a more prevalent adoption has yet to manifest itself in organizational practice, (Boxenbaum & Olsen, 2009). Critics of the BoP rationale insist that there is no profit at the Bottom of the Pyramid. To begin with, according to Karnani (2007), "the BOP proposition is too good to be true, and "despite its relevance, it is riddled with inaccuracies and fallacies. There is neither glory nor fortune at the bottom of the pyramid; unfortunately, it is a mirage." An alternative approach to alleviate poverty, he said, is to view the poor as producers and emphasize buying from them, rather than selling to them. While a few market opportunities do exist, the market at the BoP is generally too small monetarily to be very profitable for most multinationals. Secondly, the poor are often geographically dispersed (except for the urban poor concentrated into slums) and culturally heterogeneous. This dispersion increases distribution and marketing costs and makes it difficult to exploit economies of scale. Weak infrastructure (transportation, communication, media and legal) further increases the cost of doing business. Another factor leading to high costs is the small size of each transaction. In addition, poor people are naturally price-sensitive. They spend about 80% of their meagre income on food, clothing and fuel alone, which clearly does not leave much room for luxuries. Additionally, he also said that not only is the BoP market quite small, it is unlikely to be very profitable, especially for a large company.

Serving the BoP markets can have a radical impact on a company's core business, making it a costly affair. It is much unlike today's corporate sustainability activity, most of which consists of the development and communication of corporate sustainability policies and targets. BoP requires companies to conjure up new products and venture into completely different market segments with a concrete sustainable development component. This orientation implies the crafting of entirely new business solutions related to buying, manufacturing, packaging, marketing, distributing, and advertising products. Accordingly, BoP projects cannot be executed by only a few people within the company, they must be integrated into key areas in operations where decisions on new products and markets are made and executed. For most companies, BoP therefore requires comprehensive organizational change and heavy involvement of key business areas responsible for new market creation—something that far exceeds what is required to implement most other sustainability activities. It is important to note that profitable "BoP businesses" that fail to alleviate poverty are just normal profit-seeking businesses under a flimsy disguise (Garrette & Karnani, 2010).

Companies following the BoP proposition often fail because they overestimate the purchasing power of poor people and set prices too high. In fact, to the extent that there are opportunities to sell to the poor, it is usually small to medium-sized local enterprises that are best suited to exploiting these opportunities. Selling to the poor usually does not involve significant economies of scale. Markets of the rural poor are often geographically and culturally fragmented; this combined with weak infrastructure makes it hard to exploit scale economies. Products sold to the poor are often less complex, reducing the scale economies in technology and operations. As examples, bicycles are less scale-

intensive than motorcycles; fans are less scale-intensive than air-conditioners; unprocessed food is less scale-intensive than processed food. Products sold to the poor are also usually less marketing- and brand-intensive, further reducing scale economies. It is interesting, and not accidental, that in spite of the BoP emphasis on MNCs, virtually all the examples cited in Prahalad's book are fairly small or local organizations, but not MNCs. Even though MNCs focus mainly on social impact and consider profits secondary, the base of the pyramid is a risky place: Projects that fail to make money will eventually be relegated to companies' corporate social responsibility departments, as Microsoft discovered. However, decent profits can be made at the base of the pyramid if companies link their own financial success with that of their constituencies. In other words, as companies make money, the communities in which they operate must benefit by, for example, acquiring basic services or growing more affluent. This leads to more income and consumption—and triggers more demand within the communities, which in turn allows the companies' businesses to keep growing (Rangan, Chu, Petkoski, 2011).

There are three traps inherent in the BoP that Garrette and Kamani (2008) discuss to further explain why the BoP may not work. The first is the unmet needs trap. The unmet needs of the poor at the BoP are often presented as offering a huge untapped business opportunity. The major flaw in this logic is that an unmet need does not constitute a market. A market exists only to the extent that there are buyers willing and able to pay a price higher than the total costs, including the opportunity cost of capital, of the sellers. The perceived consumer value must exceed the price; and the buyers have to be willing and able to pay this price. A firm is willing and able to sell at this price only if its revenues exceed its total costs. The size of a market and the price of the product are

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determined by the intersection of the demand and supply curves. If the supply and demand curves do not intersect, there will be no market, even if there is an unmet need. Secondly, BoP proponents argue that since the poor account for the majority of the world's population, their aggregate buying power is in fact large even though their individual income is very low, which is known as the affordability trap. There are two lessons to be learned here. Firms should not overestimate the purchasing power of the poor. Second, firms should adjust the cost-quality trade-off much more significantly to conform to the lower purchasing power of the poor. Further, Multinational Corporations often find that their prices are too high for this population, and their usual supply chains, production methods, and delivery systems present formidable hindrances to slashing costs. They therefore often perceive better options elsewhere in burgeoning middle classes which often provide targets that are less complicated to reach and require less alteration to their usual ways of doing business. Similarly, many companies that purchase goods find it easier to deal with large, middle-income producers or skilled urban workers in emerging markets than with producers at the bottom of the pyramid. In fact, many innovations that engage the poor often come from players outside the mainstream in their industries, for instance NGOs coming up with microfinance.

The third and final trap is that of multiple objectives. Trying to combine socially useful products with firm profitability is a major challenge. BoP initiatives often make this problem even harder by adding other social and environmental objectives. Multiple objectives—such as profitability, generating employment, environmental sustainability, and public health—are often in conflict, at least in the sense of drawing on a pool of limited resources and impose trade-offs. The danger is that attempting to achieve too

many objectives simultaneously leads to the project's commercial failure and demise, and to none of the objectives being achieved. Perfection is the enemy of the good. Much of the strategy literature emphasizes the value of "focus." BoP initiatives are well advised to focus on ensuring the product being marketed is in fact useful to the poor, and that the project is economically profitable to enable scaling up.

2.3 The role of Multinational Corporations

There is no universal definition of a Multinational Corporation. Generally however, a Multinational Corporation (MNC) is any business that has productive activities in two or more countries (Hill, 2011). It is an organization with multi-country affiliates, each of which formulates its own business strategy based on perceived market differences (Ball & McCulloch Jr., 1993). It is interchangeably referred to as a Multinational Enterprise (MNE), or a Transnational Company. Some of the most well-known foreign MNCs in Kenya include soft drink and beverage company Coca-Cola, vehicle manufacturers and distributors such as Toyota, Ford Motor Company and General Motors. Hill (2011), said that since the 1960s, two notable trends in the demographics of the MNC have emerged; the rise of non-US MNEs and the growth of mini-multinationals. Every Multinational Corporation is an International Business, though not every International Business is a Multinational Corporation. MNCs generate significant jobs, investment and tax revenues for the regions and nations they enter. They have power that comes from their control over resources and their ability to move production from country to country.

A Multinational Corporation is the single most important actor in international business. It dominates by virtue of the scope and size of its international transactions. Some MNCs

are so powerful that they command resources several times the GDPs of most countries. By 1995, the total number of multinationals in the world exceeded 37, 000 with 206, 000 affiliates around the world. In 2002, the UN Conference on Trade and Development published an article showing that 29 of the world's top 100 economies were multinational businesses and not individual countries (Samuel, 2010). Multinational Corporations carry out a bulk of international business, but they do not necessarily undertake the largest number of transactions. A Multinational organization is a central organizing institution for international transactions involving money, goods and information. Due to their sizes, Multinational Corporations enjoy considerable scale economies in production, packaging, financing, distribution, advertising, and e.t.c. A major distinguishing character of Multinational Corporations is they enjoy economies of scope, which is performance of various distinct activities within the same environment. This process is called in-sourcing or internalization. For instance, internalization of the oil industry involves extraction, marketing, transportation, and e.t.c., all under one roof.

Multinational Corporations play a pivotal role in linking rich and poor economies and in transmitting capital, knowledge, ideas and value systems across borders. Their interaction with institutions, organizations and individuals generates positive and negative spillovers for various groups of stakeholders in both home and host countries. In consequence, they are focal points in the popular debate on the merits and dangers of globalization, especially when it comes to developing and emerging economies (Meyer, 2004). By their nature, MNCs may be able to produce at lower costs high quality goods than the local firms owing to their scale economies. This affords consumers a variety as well as higher quality of goods. Multinational Corporations are also the channels by which employment;

improved balance of payments through capital inflow; infrastructure development; skill development; tax income; improvement of trade balance and spillover effects accrue to the host country. That is the positive role played by Multinational Corporations in host countries. The negative role that Multinational Corporations play includes environmental degradation; monopoly power; repatriation of profits; possibility of shifting resources and cultural upsets.

The pioneers of the BoP proposition, Hart and Prahalad (2002) identify Multinational Corporations as the main actors. They give various reasons, the first being resources. Obviously, building a complex commercial infrastructure is resource and management-intensive and developing environmentally sustainable products and services requires significant research. Similarly, distribution and communication channels are expensive to build and sustain and very few local enterprises have the resources to create this kind of infrastructure. Leverage is the second reason why MNCs a major actors in the BoP . MNCs can transfer knowledge from one market to another - from UK to Kenya for instance. Though products and services have to be customized to serve local needs, MNCs with their global knowledge base have an advantage that is not easily accessible to local enterprises. The third reason is that MNCs can be the nodes by which commercial infrastructure, access to knowledge, managerial imagination and financial resources are built. Without the presence of MNCs as catalysts, governments and development agencies will continue to struggle with taking development to those at the BoP. MNCs are best suited to unite the range of actors that are required for Tier 4 development. Finally, MNCs can not only leverage learning from the BoP, they also have the capacity to transfer innovations up-market all the way to Tier 1 as Tier 4 can be testing ground for

sustainable living. Most innovations made for the BoP can be easily adapted to the Tier 1 market specifications.

RESEARCH METHODOLOGY

Introduction

This section describes the research methodology that was used for this study. The research methodology includes the research design, data collection, and data analysis.

Research Design

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research methodology that was used for the study. The research design, target population, sample design, data collection and data analysis are discussed.

3.2 Research Design

Research design is the conceptual structure within which research is conducted or the blueprint for the collection, measurement and analysis of data (Kothari, 2004). A descriptive survey of foreign Multinational Corporations in Kenya to show application of the BoP proposition was conducted. Mugenda and Mugenda (2003) define descriptive survey as collecting data in order to test hypothesis or to answer questions concerning the current status of the subject of study. Descriptive survey design was used as it was appropriate for educational fact-finding and would yield a great deal of information, which would increase the level of accuracy. The descriptive study reports summary data using only one measure of central tendency, the mode, and also correlation between variables.

With regard to survey types, a cross-sectional type of survey was used. This type of survey was appropriate as data was collected from a number of Multinational Corporations at one single point in time which was useful in describing the application of the BoP concept by MNCs in Kenya. A survey would also enabled comparisons based on differences in demographics in later studies.

3.3 Population

According to Mugenda and Mugenda (2003), a population is a complete set of individuals, cases or objects with some common observable characteristics while target population refers to that population that a researcher wants to generalize the results of a study. In this study, the population was the 226 foreign-owned Multinational Corporations in Kenya. The target population was 35 of the 226 foreign-owned Multinational Corporations.

3.4 Sample Design

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample. A sample is a subset of a particular population. The appropriate sample size for this study was 35 subsidiaries of the 226 foreign-owned Multinational Corporations in Kenya. The sampling method was simple random sampling. Simple Random Sampling was used as there was no established variability in the responses from the different MNCs. A sample size of 35 was drawn using Microsoft Excel random numbers. Simple random sampling was used due to its represent-ability nature as opposed to the non-probability sampling techniques. It was also suitable as it would enable comparison between continents for later studies.

3.5 Data Collection

The researcher collected primary data using structured questionnaires. Questionnaires were administered on heads of departments and other senior managers, who are the main decision makers on any strategies, policies or s employed in a firm. A drop and pick later

method was used in administering the questionnaires for the MNCs within Nairobi, and e-mailed to those located outside Nairobi. The researcher made repeat visits to the respondents to remind them to fill in the questionnaires. The sampled MNCs were scattered in various parts of Kenya, but majority of them were located in Industrial area, and they were from different sectors ranging from consumables to heavy machinery. Respondents were required to complete the questionnaire in five days.

3.6 Data Analysis

Data analysis is a body of methods that help to describe facts, detect patterns, develop explanations, and test hypotheses. Data were edited, cleaned, coded and entered. The variables were assigned sequential codes from 1 to 5. Descriptive analysis is simply the use of statistics (descriptive statistics) to describe the results of an experiment or investigation while descriptive statistics is a discipline that quantitatively describes the main features of a collection of data. Descriptive statistics are distinct from inferential statistics, as descriptive statistics aim at summarizing a sample and not to learn about the population that the sample was representing.

Only one measure of central tendency-the mode was used in this analysis, which determined by the type of data, in this case ordinal data. Ordinal data are those for which the assigned numbers reflect a particular order or sequence. They show that variables fall along a continuum in terms of a particular variable, though they do not show how great or small the differences between variables are. Percentages and frequency distribution tables were also used. The tools used for data analysis were Microsoft Excel 2007(For computing the frequencies/mode and percentages) and SPSS (for computing Pearson's Correlation). The two tools were appropriate for the study, convenient and accurate.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter analyses the results of the data obtained through the structured questionnaires and discusses those results. The results are presented using descriptive statistics by use of tables.

4.2 Response rate

The study targeted 35 MNCs in collecting data with a view to determining whether the BoP concept is applied by the foreign Multinational Corporations in Kenya. From the study, 28 respondents out of the 35 sample respondents filled-in and returned the questionnaires making a response rate of 80% and if the response rate is more than 60% of the sample size, the data could be further analyzed. This reasonable response rate was achieved after the researcher made physical visits to remind the respondents to fill-in the questionnaires.

4.3 Respondents' managerial position

Table 4.1: Respondents' managerial position

Management level	Fr	%
Senior level (MD, CEO or Board of Director)	8	28.6
Middle Level (Branch/ Department Manager)	20	71.4
Total	28	100

Source: Author, 2012



It was established from the study that majority of the respondents (71%) indicated that they held middle level management positions, while 29% had senior positions in their organizations as indicated in Table 4.1 above.

4.4 Respondents' level of awareness and relevance of the BoP proposition.

Table 4.2: Respondents' level of awareness of the BoP proposition

BoP Awareness level	Frequency	%
Fully aware	6	21
Aware	14	50
Fairly aware	8	29
Not aware	0	0
Not sure	0	0
TOTAL	28	100%

Source: Author, 2012

Table 4.2 presents the respondents' responses pertaining to the level of awareness of the BoP proposition. Here the researcher sought to find out the levels of awareness. 50% of the respondents indicated that they were aware of the BoP, 21% indicated that they were fully aware while 29% indicated that they were fairly aware of the BoP proposition. This implied that the majority of the respondents, 71% were familiar with the BoP and the data provided by them was reliable.

4.5 Respondents' rating of the Bottom of the Pyramid in terms of relevance to operations in their organizations

Table 4.3: Respondents' rating of the Bottom of the Pyramid in terms of relevance to operations in their organizations (100%=very relevant; 80%=relevant; 50%=fairly relevant; <50%=not relevant)

Relevance of the BoP in relation to operations	Frequency	%
100%	2	7.1
80%	8	28.6
50%	11	39.3
<50	7	25
Not sure	0	0
TOTAL	28	100

Source: Author, 2012

The researcher sought to establish relevance of the BoP in relation to operations. It was established that 39.3% of the respondents rated the Bottom of the Pyramid proposition as fairly relevant, followed by 28.6% who indicated that the BoP was relevant to their organizations. Only 7.1% said that the BoP was very relevant to their operations. It can therefore be said that the BoP is fairly relevant in relation to operations and hence fairly popular in most of the sampled organizations.

4.6 Whether the respondents' organizations had applied the BoP

Table 4.4: Whether the respondents' organizations had applied the BoP

Organizations have applied the BoP :	Frequency	%
Always	5	17.9
Sometimes	3	10.7
Rarely	6	21.4
Never	14	50.0
Not aware	0	0
TOTAL	28	100

Source: Author, 2012

The Table 4.4 above presents the respondents' responses on whether their organizations had applied the BoP concept. It was determined that half of the respondents (50%) indicated that their organizations had never applied the concept, 21.4% of the respondents indicated that their organizations rarely did , 17.9% indicated that their organizations had always applied it while 10.7% indicated that they had applied the concept sometimes. It was determined that none of the respondents indicated that they were not aware whether the BoP concept had been applied in their organizations. Generally, 50% of the respondents said that their organizations had applied the concept at some point while 50% of them had never.

4.7 The period the respondents' organizations had ever applied the Bottom of the Pyramid proposition

Table 4.5: The period the respondents' organizations had ever applied the Bottom of the Pyramid proposition

How long organizations have ever applied BoP	Frequency	%
Over 5 years	3	11
2-5years	5	18
1 -2 years	4	14
Less than a year	2	7
Never	14	50
Total	25	100

Source: Author, 2012

The study sought to establish the period the respondents' organizations had ever applied the Bottom of the Pyramid concept. It was determined that majority (18%) of the respondents indicated that their organizations had ever applied it for a period of between 2 to 5 years, 14% of the respondents indicated that they had ever applied the concept for a

period of between one and two years, 11% of them indicated that they had done so for a period of more than five years while 7% indicated less than one year.

4.8 Responses on whether the respondents' organizations continued to apply the Bottom of the Pyramid concept

Table 4.6: Responses on whether respondents' organizations continued to apply the Bottom of the Pyramid concept

Organizations still applying the BoP	Frequency	Percent
Always	4	14.3
Sometimes	9	32.1
Rarely	6	21.4
No more	2	7.1
Never	7	25.0
TOTAL	28	100.0

Source: Author, 2012

It was determined from the study that 32.1% of the respondents indicated that their organizations continued to apply the Bottom of the Pyramid concept sometimes; 21.4% of them indicated that they still applied it in their organizations but rarely; 14.3% of the respondents indicated that their organizations continued to apply it always while 25% of the respondents showed that their organizations had never applied it. There was a lot of variation regarding the period in which their organizations continued to apply the BoP concept, which probably indicated that the majority of the organizations were disillusioned with it or the respondents were not very conversant with operations in their firms.

4.9 Respondents' responses pertaining to planning for the Bottom of the Pyramid in their organizations.

Table 4.7: Respondents' responses pertaining to planning for the Bottom of the Pyramid in their organizations.

Planning for the BoP	Fr	%
Included in the strategic planning	6	21.4
Separate from the strategic planning	8	28.6
Planned for in the CSR department	11	39.3
Difficult to plan for or implement	3	10.7
Neither planned for nor implemented	0	0.0
Total	28	100

Source: Author, 2012

The study sought to determine how of the BoP is planned for in the organizations. It was established that 28.6% of the respondents indicated that BoP was planned for separately from the strategic planning, 39.3% of the respondents indicated that planning for the BoP was done in the CSR department, only 21.4% of the respondents indicated that the BoP was included in the strategic planning while 10.7% indicated that planning for the BoP in their firms was difficult. None of the respondents indicated that the BoP was neither planned for nor implemented as indicated in the Table 4.7 above. The BoP concept may be quite expensive and fmns may choose to plan for it in the peripheral rather than core business, hence the 21.4% response of MNCs planning for it in the strategic plan.

4.10 The main challenge(s) or hindrance(s) faced in the application of the Bottom of the Pyramid proposition in the respondents' organizations.

Table 4.8: Main challenge(s) or hindrance(s) faced in (lie application of the Bottom of the Pyramid proposition in the respondents' organizations.

Main Hindrance/challenge of applying BoP the	Frequency	Percent
No viable market at the Bottom of the pyramid	15	53.6
Tailoring products too costly	21	75.0
Distributing to the BoP is too expensive	18	64.3
No profit to be made at the BoP market	11	39.3
None	0	0.0

Source: Author, 2012

The study sought to determine the challenges or hindrances that organizations faced in the application of the Bottom of the Pyramid proposition. It was determined that 75% of the respondents indicated that tailoring products was too costly, 64.3% indicated that distributing to the BoP was too expensive for the organization while 53.6% of the respondents indicated that there was no viable market at the Bottom of the pyramid while 39.3% cited that there were no profits to be made at the BoP market.

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4.11 The main strategy that the respondents' organizations use/have used in applying the Bottom of the Pyramid proposition

Table 4.9: The MAIN strategy that the respondents' organizations use/have used in applying the Bottom of the Pyramid proposition

Main strategy used in applying the BoP	Fr	%
Reduced quality to basic functionality	19	67.9
Cheaper packaging and distribution channels	22	78.6
Single serve products, e.g. smaller packages for daily purchase	16	57.1
Partnering with the BoP market	15	53.6

Source: Author, 2012

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This question sought to determine the respondents' main strategy or strategies the organizations use/have used in applying the Bottom of the Pyramid proposition. Some respondents picked more than one strategy that their firms use or have used. It was established that the organizations used several strategies as 78.6% of the respondents indicated that their organizations utilized cheaper packaging and distribution channels, followed by (67.9%) those who indicated that their organizations reduced quality to basic functionality of their products. 57.1% of the respondents indicated that their organizations utilized single serve products, e.g. smaller packages for daily purchase. 53.6% of the respondents indicated that their organizations partnered with the BoP market as a strategy in application of the BoP concept.

4.12 Level the respondents' firms have applied the BoP proposition

Table 4.10: Level the respondents' firms have applied the BoP proposition

Level organizations have applied the BoP	Fr	%
In all our products/services	9	32.1
In some of our products/services	11	39.3
We make their products separate products/services	5	17.9
In some of our products/services, and we make their own products and services	3	10.7
Total	28	100

Source: Author. 20/2

The Table 4.10 above presents the respondents' responses on the level of their firm's application of the BoP proposition. It was determined that 39.3% of the respondents indicated that their organizations applied the BoP proposition in some of their products/services, 32.1% indicated that they incorporated the BoP in all of their products/services while 17.9% indicated that they made separate products/services for the

BoP market and a mere 10.7% of them indicated that they did apply the concept both in some of their products/services, and also made them their own products and services.

4.13 Main positive impact of applying the BoP concept

Table 4.11: Main positive impact of applying the BoP concept

Main Positive Impact of applying the BoP	Fr	%
Growth	4	14
Increased profits	6	21
Bigger market share	2	7
No positive impact	14	50
My organization has never applied the BoP , hence no impact	2	8
Total	28	100

Source: Author, 2012

The study sought to determine the main positive impact of applying the BoP concept in respondents' organizations. It was established from the study that majority (50%) of the respondents indicated that there was no positive impact, 21% of the respondents indicated that they realized increased profits after applying it , 14% indicated that their organizations realized growth while 8% of the respondents indicated that their organization had never applied the BoP , hence there was no impact.

4.14 The main negative impact(s) of applying the BoP concept

Table 4.12: The main negative impact(s) of applying the BoP concept

Main Negative impact(s) of applying the BoP concept	Fr	%
Increased costs	16	57.1
Losses in investment	10	35.7
No profit made	9	32.1
Lack of a viable market or profit at the BoP	4	14.3
My company has never applied the BoP, hence no negative impact	4	14.3

Source: Author, 2012

The Table 4.12 above presents the respondents' responses on the main negative impact of applying the BoP concept in their firms. It was determined 57.1% of the respondents indicated that their organizations' main negative impact was increased costs, 35.7% cited losses in investment, 32.1% indicated no profit made while 14.3% of the respondents cited that lack of a viable market or profit at the BoP while the same percentage indicated that their company had never applied the BoP concept, hence there was no negative impact.

4.15 The main impact of not applying the BoP proposition in respondents' organization.

Table 4.13: The main impact of not applying the BoP proposition in respondents' organization.

Main Impact(s) of not applying the BoP Proposition	Fr	%
Loss of a potential market share	18	64.3
Loss of current customers to competition who apply the BoP concept	25	89.3
NGO and government interference	16	57.1
No impact at all	9	32.1
Not Sure	2	7.1

Source: Author, 2012

It was established from the study that 57.1% of the respondents indicated that the main impact of not applying the BoP concept in respondents' organizations was NGO and government interference, 64.3% of the respondents indicated that they had lost potential market share, 89.3% indicated that they lost current customers to competition who apply the BoP concept while 32.1% indicated that there was no impact at all and a mere 7.1% indicated that they were not sure.

4.16 Respondents' responses on how BoP market affected their organization

Table 4.14: Respondents' responses on how BoP market affected their organization

Effect of BoP market on organizations	Fr	%
One of our target markets	19	67.9
Producers of our raw materials	16	57.1
Our potential market	24	85.7
Our threat	9	32.1

Source: Author, 2012

Finally, Table 4.14 above presents how the BoP market affected respondents' organizations. 57.1% of the respondents indicated that they were producers of their raw materials, 67.9% indicated that they are their target markets, 85.7% indicated that they are their potential market while 32.1% of the respondents indicated that they were their organizations' threat.

4.17 Pearson Correlation analysis

Correlation aims at establishing whether there is a relationship between variables. Variables are said to be correlated if their coefficient of correlations is greater than 0.5 or with a significance level equal to or less than 0.05%, in which case they have a strong relationship. Correlation that is less than 0.5 or more than 0.05% level of significance implies weak correlation while negative correlation implies lack of a relationship.

Table 4.15: Correlation analysis

		Awareness	Applied	Planning	Challenges	Level Applied	Relevance	BOPmarkt impact	strategies
Awareness		1	.742"	.588"	-.565"	.212	.843"	.727	.574"
	Sig.		.000	.005	.007	.199	.000	.000	.006
Applied		.742"	1	.667"	-.832"	.299	.741"	.835"	.650"
	Sig-	.000		.001	.000	.114	.000	.000	.002
Planning		.588"	.667"	1	.641"	.220	.625"	.646"	.422'
	Sig.	.005	.001		.002	.190	.003	.002	.041
Challenges		-.565"	.832"	-.641"	1	.468'	.631"	.811"	.657"
	Sig-	.007	.000	.002	1	.025	.003	.000	.002
Level applied		.212	.299	.220	-.468'	1	.168	.512'	.733"
	Sig-	.199	.114	.190	.025		.252	.015	.000
Relevance		.843"	.741"	.625"	.631"	.168	1	.695"	.531-
	Sig-	.000	.000	.003	.003	.252		.001	.012
BOPmarkt impact		.727"	.835"	.646"	.811"	.512'	.695"	1	.675"
	Sig-	.000	.000	.002	.000	.015	.001		.001
strategies		.574"	.650"	.422"	.657"	.733"	.531*	.675"	1
	Sig	.006	.002	.041	.002	.000	.012	.001	

" Correlation is significant at the 0.01 level (1-tailed).

' Correlation is significant at the 0.05 level (1-tailed).

Source: Author, 2012

For this study, the researcher aimed at establishing a correlation in the sampled firms between the level of awareness of the BoP concept by the managers; relevance of the BoP in relation to operations; the challenges/hindrances faced in applying the BoP

concept; planning for the BoP; impact of the BoP market on the organization and whether the BoP concept had been applied; to what level; and how it had been applied.

As shown in the table, there is a high correlation between organizations' awareness of the BoP concept, planning for it, its relevance to the operations of the organization, its application and the impact of the BoP market on the organization. That a high level of awareness of the BoP concept determined whether an organization planned for it in its strategic plan as opposed to delegating it to the CSR department is quite obvious. Respondents that rated the BoP as very relevant in their organizations in terms of their operations also showed a high level of awareness of the concept. Also, the BoP concept was always applied in organizations where it was very well known by the respondents. Finally, in organizations where the respondents were very aware of the BoP concept, the BoP market was indicated as one of their current customers.

Similarly, organizations that planned for the BoP as part of the strategic plan always applied it. Also, the challenges/hindrances the organizations faced in applying the concept determined whether the organizations applied it; the more challenged the organizations were, the lower the levels of application. The relevance of the BoP in relation to the organizations' operations was central to whether the organizations applied it or not. The BoP's relevance also influenced how the firms were impacted by the BoP market in that where it was very relevant the BoP market were one of their current customers, while those that did not find it relevant said the BoP market had no impact on them at all. Among the firms sampled those who planned for the BoP in their strategic plan had indicated that the BoP was very relevant in relation to their operations. Finally, there was a high correlation between the BoP market's impact on the organizations and

the relevance of the BoP to the organizations in relation to their operations; whether organizations applied the BoP concept, planned for it as part of the strategic plan or not and of course the level of application and the strategies they used.

It was established that there was low correlation between awareness of the BoP concept and the level at which the organizations had applied it. There was also a low correlation between application of the BoP concept and to what level it was applied. Planning for the BoP had a low correlation with the level of application of the concept and strategies used. Also, the relevance of the BoP to the organizations in relation to their operations had little impact on the level of application of the concept.

There was negative correlation between the respondents' level of awareness of the BoP proposition, planning for it in the strategic plan and its application with the challenges/hindrances faced in applying it. In addition, the challenges faced in the application of the concept had no correlation whatsoever on how the organizations planned for the BoP. Interestingly, the level of applying the BoP concept also had negative correlation with the challenges/hindrances the organizations faced in applying it. Whether or not the BoP was relevant in terms of operations in the organizations, how the BoP market impacted on the organizations and the strategies employed in the application of the BoP proposition did not correlate with the challenges/ hindrances faced in its application either.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, discussion, conclusion drawn from the findings and recommendations made. The conclusions and recommendations draw focus on the purpose of the study.

5.2 Summary of Findings

Among the sampled MNCs, the BoP concept was fairly well known and applied by most of them at some point, and continued to apply it. Only 7.1% had stopped applying the concept. The questions on relevance to operations in the organization and how the BoP was planned for measured the same thing, only in different variables. Only 25% of the MNCs sampled did not see the BoP as relevant to their operations, while only 21.4% planned for it in their strategic plan. This implies that for most of the MNCs sampled, the BoP was not part of their core business, rather in their peripheral. This was demonstrated especially during the administration of the questionnaires where some respondents asked if the BoP really applied to their organizations.

39.3% of the respondents indicated that their organizations served the BoP market in some of their products; 32.1% in all their products and 17.9% made separate products for the BoP market. 50% of the respondents said that their organizations had not seen any positive impact of applying the BoP concept in their firms. Among the positive impacts, 21% had increased profits while 14% indicated that their organizations grew. Negative impacts included increased costs 57.1%; losses in investment 35.7%; no profit made

32.1% while only 14.3% said that there was no viable market at the BoP. The most commonly used strategies for applying the BoP concept in the organizations sampled included cheaper packaging 78.6%; reduced quality to basic functionality 67.9%; single serve products/services 57.1% while 53.6 chose partnering with the BoP as their strategy. The major challenges or hindrances that firms encountered in applying the BoP proposition include tailoring products to BoP market requirements being costly 75%. Finally, with regard to how the BoP market affected the sampled MNCs, the target market, 67.9% was the most chosen.

There was a high correlation between organizations' awareness of the BoP concept, planning for it, its relevance to the operations of the organization, its application and the impact of the BoP market on the organization. It was established that there was low correlation between awareness of the BoP concept and the level at which the organizations had applied it. There was also a low correlation between application of the BoP proposition and to what level it was applied. There was negative correlation between the respondents' level of awareness of the BoP concept, planning for it in the strategic plan and its application with the challenges/hindrances faced in applying the concept. In addition, the challenges faced in the application of the BoP concept had no correlations whatsoever on how the organizations planned for the BoP. Interestingly, the level of applying the BoP concept also had negative correlation with the challenges/hindrances the organizations faced in applying it.

5.3 Conclusion

The study concludes that among the organizations that were studied, most of them were aware of the existence of the BoP proposition. It was established that the BoP was

relevant to the MNCs studied and these organizations had applied the concept at some point and most continued to apply it sometimes. The period in which the organizations had ever applied the concept was established to be between 2 and 5 years. It was established that there were some challenges that the firms faced during the application of the BoP concept and they included the lack of viable market at the Bottom of the pyramid, it was costly tailoring products and the distribution aspect of the BoP was expensive. The main strategies that the firms used in applying the BoP concept were the reduction of the quality to basic functionality of their products and services and the use of cheaper packaging and distribution channels. It was noted that the positive impacts of the incorporation of the BoP concept were increased profits and the growth of the firms while the main negative impacts of applying the concept included increased implementation costs, losses in investment and no profit made.

5.4 Recommendations

The study recommends that the various multinational corporations in the country adopt the BoP proposition as it was established that it has its advantages which might surpass the accompanying hindrances/challenges which the firms meet during the BoP implementation process.

5.5 Suggestion for further study

The study recommends that a similar study be done on the public organizations and locally-owned MNCs for comparison on whether they have adopted the BoP concept as well as on the success stories on the application. The study used a sample size of 35 MNCs in the country due to the limitations of time and finances, and to this end, the

study recommends that future studies use a higher sample size in order to increase the reliability of the data obtained.

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APPENDICES

Appendix 1: Letter of introduction from the researcher

AGNES MUTHIANI

P.O. BOX 1096-00200

NAIROBI.

0713 992 329/0736 888 658

agvmuth@yahoo.com

Dear Sir/Madam,

RE: REQUEST TO CONDUCT RESEARCH IN YOUR ORGANIZATION

I am a student at the University of Nairobi. I am conducting a survey on foreign Multinational Corporations in Kenya. A sample of 30 was drawn and your company was among those sampled. This is to kindly request you to cooperate in the survey as your response is highly needed. Please note that this is an academic study and information gathered from your company will be kept strictly confidential. The study is about the 'Bottom of the Pyramid' concept and its application by multinational firms in Kenya.

The concept 'Bottom of the Pyramid (BoP)' describes the people living below the poverty line or at the 'bottom of the economic pyramid'. It is also used to refer to a business model that firms use to deliberately serve the Bottom of the Pyramid markets among other markets. Kindly note that the BoP model is different from Corporate Social Responsibility. The BoP model involves producing low cost goods or services for the BoP market at a price they can afford and making a profit from it. This study uses the BoP phrase to mean both the model and the people at the bottom of the economic pyramid. Questionnaires will be administered on heads of departments and other senior managers as they are central to any policies or models employed in a firm. A drop and pick later method will be used. Respondents are kindly requested to complete the questionnaire in five days.

Kindly feel free to contact me for further communication/clarification. Your cooperation will be highly appreciated. Thank you in advance

Yours Faithfully,

agnes muthiani.

Appendix 2: Letter of introduction from the University



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA programme**

cc- "University of Nairobi
22095 University

Nairobi, Kenya

XQ_wHOM IT MAY CONCERN

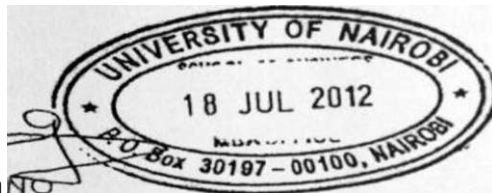
bearer of (his letter . JY\<yTH> KG I
i stration No . P 6.1 /£ f / a£3I.P

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

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

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

Thank you.



Sculate gma
administrator
OFFICE, AMBANK HOUSE

Appendix 3: Questionnaire

Kindly indicate your Management level:

- i) Senior level (MD, CEO or Board of Director) •
- ii) Middle Level (Branch/ Department Manager) •

Section A: The level of awareness and relevance of the BoP proposition.

1. Are you aware of the Bottom of the Pyramid proposition?

- Fully aware
- Aware
- Fairly ware
- Not aware
- Not sure

2. Please rate the Bottom of the Pyramid in terms of relevance to operations in your organization ((100%=very relevant; 80%=relevant; 50%=fairly relevant; below 50%=not relevant):

- 100%
- 80%
- 50%
- Below 50%
- Not Sure

Section B: Application and challenges of the Bottom of the Pyramid proposition by Multinational Corporations in Kenya.

3. i) Your organization has applied the BoP Concept:

- Always
- Sometimes
- Rarely
- Never
- I am not aware

ii) How long has your organization ever applied the Bottom of the Pyramid concept?

- Over 5 years
- 2-5years
- 1-2 years
- Less than a year
- Never

4. Your organization still applies the Bottom of the Pyramid concept:

- Always
- Sometimes
- Rarely
- Not anymore

- It has never been applied

5. Planning for the Bottom of the Pyramid in my organization is:

- Included in the strategic planning
- Separate from the strategic planning
- Planned for in the CSR department
- Difficult to plan for or implement
- Neither planned for nor implemented

I

6. What is the MAIN challenge or hindrance faced in the application of the Bottom of the Pyramid proposition in your organization?

- No viable market at the Bottom of the pyramid
- It is too costly to tailor products to the BoP market requirements
- Distributing to the BoP is too expensive
- No profit to be made at the BoP market
- None of the above

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Section C: The various ways Multinational Corporations in Kenya have applied the Bottom of the Pyramid proposition

1. What is the MAIN strategy that your organization uses/has used to apply the Bottom of the Pyramid proposition/?

- Reduced quality to basic functionality
- Cheaper packaging and distribution channels

I

- Single serve products, e.g. smaller packages for daily purchase
 - Partnering with the BoP market as co-producers or sales people for instance
 - None of the above
8. To what level has your firm applied the BoP concept?
- In all our products/services
 - In some of our products/services
 - We make their products separate products/services
 - In some of our products/services, and we make their own products and services
 - None of the above

Section D: Impact of the BoP proposition on MNCs.

9. What is the MAIN positive impact of applying the BoP concept in your organization?
- Growth
 - Increased profits
 - Bigger market share
 - No positive impact
 - My organization has never applied the BoP concept, hence no impact

10. What is the MAIN negative impact of applying the BoP concept in your company?

- Increased costs
- Losses in investment
- No profit made
- Lack of a viable market or profit at the BoP
- My company has never applied the BoP concept, hence no negative impact

11. What would be the MAIN impact of not applying the BoP concept in your organization?

- Loss of a potential market share
- Loss of current customers to competition who apply the BoP concept
- NGO and government interference
- No impact at all
- Not Sure

12. How does the BoP MARKET affect your organization? They are:

- One of our target markets
- Producers of our raw materials
- Our potential market
- Our threat

None of the above

Appendix 4: List of foreign Multinational Corporations in Kenya

Company	Home country	Sector
Egypt Air	Egypt	Aviation
Mantrac Group	Egypt	Authorized Distribution and Support of Caterpillar Construction Machines
Air Mauritius	Mauritius	Aviation
British American Investment	Mauritius	Finance
Ecobank	Togo	Financial Services
Air Zimbabwe	Zimbabwe	Aviation
Innskor International Franchising	Zimbabwe	Fast Food Brands like Galitos, Chicken in, e.t.c
Oilibya	Libya	Refined products
Zakhem International Construction limited	Lebanon	Construction, engineering and constniction
Ethiopian Air	Ethiopia	Aviation
Regal Press Kenya Limited	Canada	Printing
Research In Motion	Canada	Telecommunications equipment
Tiomin Resources Inc.	Canada	Mining
Unigraphics Kenya limited	Canada	Printers
CMA CGM Kenya Ltd	France	Container Transportation and Shipping
Peugeot Kenya	France	Motor vehicles

SDV Transami	France	Cargo agents/Freight Forwarders
Total Kenya Ltd	France	Petroleum products
UAP Provincial Insurance Company Ltd	UK	Insurance
Abercrombie & Kent Tours Ltd	UK	Tourism-Hotels and Tours
African Highland Produce Company Limited	UK	Agriculture and Fishing
Afsat Communications Ltd	UK	Data network solutions
Amiran Kenya Limited	UK	Wholesale trade
Aon Minet Insurance Brokers Limited	UK	Professional Services
Avery Kenya limited	UK	Weighing Equipment
Avon Rubber company	UK	rubber and polymer-based products
Barclays Bank Of Kenya Limited	UK	Finance/Banking
Berger Paints	UK	Paints
Beta Healthcare	UK	Healthcare
BOC Kenya Ltd	UK	Industrial gases
Bonar EA ltd	UK	Plastic bags
Booker Tate	UK	Development, Management and Technical services in Agribusiness
Brackla Nodor Ltd	UK	Dartboards
British Airways	UK	Aviation

British American Tobacco	UK	Tobacco/Cigarettes
British Broadcasting Corporation	UK	Media
Cadbury Kenya	UK	Confectionery
Camaud Metalbox (K) Ltd	UK	Metal packaging
Cussons & Company	UK	Personal care products
Ernst & Young	UK	Professional services
Fairview Hotel	UK	Hotels
Glaxo Smithkline (Kenya) Limited	UK	Pharmaceuticals and health care products
Holam Brothers EA (Broom and Wade)	UK	Engineering and manufacturing
Hotel Inter-Continental Nairobi	UK	Hotels and restaurants
1 L.G. Harris & Co EA Ltd	UK	Painting accessories
Minet ICDC Insurance Brokers •x	UK	Insurance
Nairobi Hilton Hotel	UK	Hotels
Old Mutual Group	UK	Financial Services
Posterscope Kenya(Aegis grp)	UK	Outdoor Advertisement services
Price Waterhouse Coopers	UK	Auditing and Professional services
¹ Reckitt Benckiser 1	UK	Toiletries and Domestic Chemicals
1 Rentokil Ltd	UK	Business Services
'Reuters I	UK	Media
I Ryden International	UK	Property Consultants

SAB Miller	UK	Brewing, Beverages
sage group	UK	Computer Software
Securicor	UK	Guarding, Courier and Alarm services
Shell-British Petroleum	UK	Petroleum Products
^ Silentnight	UK	Furniture
Standard Chartered Bank Kenya	UK	Finance
Treadsetters Tyres	UK	Tyres
Tullow Oil	UK	Oil and Gas Exploration
UDV Kenya(Guinness)	UK	brewery
Unilever Kenya Limited(Unilever PLC)	UK	Consumer Goods
Vitacress Kenya Ltd.	UK	Agriculture
Vitafoam	UK	Foam Mattresses
Vodafone (Safaricom)	UK	Tele-com
Wheetabix Limited	UK	Wheat breakfast Cereal
Wigglesworth & company limited	UK	Production and merchandising raw fiber-sisal, hemp, e.t.c.
^ Williamson Tea Holdings	UK	Cultivation and sale of tea
[Acme Press (Kenya) Ltd	USA	Printers
! Caltex Oil (Kenya) Limited	USA	Oil Refinery Products
^ Chase Bank Kenya	USA	Banking and Finance
Cisco Systems	USA	Networking Equipment
' Coca Cola	USA	Soft drink and beverage manufacture

Citi Bank Na Limited	JSA	Finance
Colgate-Palmolive (EA) Ltd	USA	Toiletries/Personal care products
Cosmic Crayon company EA Ltd	USA	Arts, Crafts and Toys
Crown Cork Company(EA) Ltd	USA	Packaging, branding
Deloitte Touche Tohmatsu	USA	Professional services
Delta Air Lines	USA	Aviation
Ecolab East Africa (K) Ltd	USA	Chemicals and chemical products
Eveready East Africa Ltd	USA	Batteries
FedEx	USA	Courier
Fidelity Bank	USA	Banking
Firestone East Africa	USA	Parts and accessories for motor vehicles
Fresh Del Monte Produce Ltd	USA	Agriculture: Juice, Fruits, Fin Cans, Poultry
General Motors Ltd	USA	Vehicle Assembly
General Electric	USA	Appliances, aviation, consumer electronics, energy, weapons, e.t.c
Google	USA	Internet, computer software
Greif Kenya Limited	USA	Machinery and equipment
IBM	USA	Computers Software and Hardware, 11 Consulting and Services
MasterCard	USA	Financial Services

McCann-Erickson (Kenya) 1 Limited	j USA	Advertising
Microsoft	USA	Computer Software, Online Services and Video Games
1 Mobil Oil Kenya Ltd	USA	Petroleum Refinery products
Otis Elevators	USA	Elevators and Lifts
Pepsi-Cola	USA	Food and Beverage
1 Pfizer Laboratories Ltd	USA	Pharmaceuticals
Procter & Gamble	USA	Consumer Goods
SC Johnson & Son	USA	Consumer Goods
The Wrigley Company (EA)	USA	Confectionary/Food processing
Tibbett & Britten Kenya (Exel)	USA	Warehousing & Distribution
Qualcomm	USA	Telecommunications equipment/semiconductors
i Visa Inc	USA	Financial services
Anova East Africa (ANEA)	1 Netherlands	Fresh & frozen seafood products
f-CEVA Logistics/TNT Logistics	1 Netherlands	Logistics
¹ Heineken	1 Netherlands	Brewery
[Roval Dutch Shell	1 Netherlands	Petroleum Products
KLM Royal Dutch Airlines	1 Netherlands	Aviation
K.PMG	Netherlands	Professional Services e.g. Tax Advisory, Assurance & Consulting

Phillip Medical Systems	1 ;Netherlands	Electronic Medical Equipments
Seminis Vegetable Seeds(SVS) 1		
Holland	Netherlands	Agriculture-Vegetable seeds
SERA Software East Africa	Netherlands	IT
I Wee lines Ltd	Netherlands	Shipping
I	H	Heat Transfer, Separation and fluid handling
' Alfa Laval Regional Office	Sweden	
L		
^ ABB Asea Brown Boveri Ltd	Sweden	Electrical equipment
(Assa Abloy EA Ltd	Sweden	Manufacturing and services: locks, automatic and security doors
r - •	1	Manufacture of Compressors, Generators, Industrial tools, etc
Atlas Copco Eastern Africa Ltd	Sweden	
Auto Sueco EA Ltd(Volvo)	Sweden	Heavy Equipment
^Ericsson Kenya Ltd	1 Sweden	Telecommunications equipment
I GE Resources AB Africa	1 Sweden	Exploration and Mining
! Ceva Animal Health Eastern Africa Ltd	Sweden	Veterinary health
I		
¹ Saab Automobile AB	1 Sweden	Automobiles, Defence and security
' Sandvik (Kenya)	Sweden	Engineering: tooling, materials technology, mining and construction
Scala (EA) Ltd	1 Sweden	Computers-Software Services
Scania (Kenya Grange)	Sweden	Motor Vehicles

Skanska	Sweden	Construction Services
SKJF (Kenya) Ltd	Sweden	Bearing manufacture
Swedfund International AB	Sweden	Financial Services and support for investments
Tetra Pak Ltd	Sweden	Integrated Processing, Packaging & Distribution Line
i Ulf Ashchan Safaris	Sweden	Tourism
East African Development Bank	Uganda	Finance
Air Tanzania	Tanzania	Aviation
Achelis Group	Germany	Conglomerate
Aust-Ang Caterings limited	Germany	Hospitality
BASF	Germany	Manufacturing & Marketing of a wide range of Chemical Products
, Bayer East Africa Ltd	Germany	Agricultural chemicals
Beiersdorf East Africa	Germany	Personal care
DHL	Gennany	Courier
Henkel Kenya Limited	Germany	Personal care
i Heidelberg East Africa	Germany	Cement
Kuehne+Nagel	Germany	Logistics
Siemens	Germany	Tele-com and Electrical Equipment
Schenker I .td	Germany	Logistics Services
Solar World E A	Germany	Photovoltaic products/renewable energy

Weurth (Kenya) Limited	Germany	Machinery
ABB Ltd	Switzerland	Power & Automation Technologies
Airside Ltd	Switzerland	Airport services
Bata Shoes Company (K) Ltd	Switzerland	Footwear, Sportswear, Sports Equipment and toiletries
Habib Bank A G Zurich	Switzerland	Banking
Novartis (Ciba-Geigy)	Switzerland	Pharmaceuticals
Nestle Foods Kenya Limited	Switzerland	Food products, beverages, and tobacco
Private Safaris	Switzerland	Tour Companies
Roche Products	Switzerland	Pharmaceuticals
Schindler Ltd	Switzerland	Manufacture, Maintenance and Modernization of Elevators & Escalators
S G S Kenya Ltd	Switzerland	Custom Inspection & Valuation
Syngenta East Africa	Switzerland	Chemicals
Vestergaard Frandsen Ltd	Switzerland	Public health
Yellow Wings Air Services Ltd	Switzerland	Air Charter Services
Texchem Ltd	Malaysia	Textile Chemical Products
Maersk Logistics Kenya Ltd	Denmark	Supporting transport activities
Sadolin paints(Akzo Nobel)	Denmark	Paints
Interfreight (Kenya) Limited	New Zealand	Supporting transport activities

"Nokia	Finland	Telecommunications equipment, Internet, computer software
"Eltek	Norway	Electronics
United Apparels EPZ	Sri Lanka	(nothing manufacture Prescription and consumer health products
Unilab Kenya	Philippines	Products
China Central Television (CCTV)	China	Television broadcasting
China Jiangsu International Economic -Technical Cooperation Corporation	China	Manufacturing & Exporting
China national Aero- Technology Import-Export Corporation	China	Manufacture and trading of Merchandise
China Overseas Engineering Corporation	China	Engineering
China Radio International	China	media
China Road & Bridge Corporation	China	Construction
Dow chemicals	China	Chemicals
Foton Motors	China	Automobiles
SIETCO Development Corporation	China	Construction

Xinhua News Agency	China	media
Air India	India	Aviation
Ashok Leyland	India	Automobiles and Engines
Bank of Baroda	India	Banking & Finance
Cadila Pharmaceuticals Ltd	India	Pharmaceutical
Chloride Exide-Emmerson, US	India	Car Batteries
Kenindia Assurance Company Ltd	India	Insurance
Manugraph Kenya Ltd	India	Printing
Marshalls EA (Tata)	India	Motor Vehicles
Praj. Industries Ltd	India	Engineering & Fabrication, Alcohol & Brewery plants
Raymond Woolen Mills (Kenya) Ltd	India	Textiles and clothing
Sher Flowers	India	Floriculture
Tata Chemicals (Magadi Soda)	India	Soda Ash mining
Tata Motors	India	Automobiles
UB Pharma Ltd	India	Pharmaceutical
Van Leer-Balmer Lwarie &Co	India	Manufacture of industrial packaging, greases and lubricants
Air Italy	Italy	Aviation
Pirelli Tyre	Italy	Tyres

Technogym	Italy	Fitness & Rehabilitation Equipment
Asahi Shimbun	Japan	Media
Asami Motor Services	Japan	Motor Vehicles
Itochu Corporation	Japan	Trading Company
Kajima Corporation	Japan	General Contracting Services
Kenya Tenri Society	Japan	Foreign Development Agency
Matsushita Electrical Industrial	Japan	Electrical & Electronic Components
Mitsubishi Corporation (Rep Office)	Japan	Motor Vehicles
Mitsui & Co Ltd	Japan	Widespread-Exploration Power
Nec Corporation	Japan	IT services and products
Nippon Koei Ltd	Japan	General Engineering & Consulting
Nissan (KVA)	Japan	Motor Vehicle -Urvan (Caravan)
Nissho Iwai Corporation	Japan	Heavy Construction Machinery & Equipment
Overseas Courier Company	Japan	Courier Services
Sanyo Armco	Japan	Electronics & Home Appliances
Sumitomo Corporation	Japan	Widespread products
Toyota Kenya	Japan	Motor Vehicles
¹ Daewoo Corporation	Korea	Motor Vehicles
Fila East Africa	Korea	Sports Wear
Hwan Sung Industries (Kenya) Ltd	Korea	Furniture

Hyundai Corporation	Korea	Motor Vehicles
LG	Korea	Electronics
Samsung	Korea	Electronics
Castle Brewing Kenya Ltd/SAB Miller	South Africa	Food products, beverages, and tobacco
First Rand Bank	South Africa	Banking
Stanbic Bank Kenya Limited	South Africa	Finance
Steers	South Africa	Food and Beverage
Woolworths	South Africa	Retails

Source Kenya National Bureau of Statistics Economic Survey 2007