MACRO ENVIRONMENTAL FACTORS AND PERFORMANCE OF MULTINATIONAL CORPORATIONS IN KENYA

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DECLARATION

I endorse this project solely as my own originality which has never before been given in for a scholastic purposes or examination in a different college or school to aid in attaining a degree.

SIGNATURE: …………………………… DATE: ……………………………...

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SUPERVISOR'S DECLARATION

This research project has been presented for assessment with endorsement from me as the University Supervisor.

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DEDICATION

This is to you my children, my dear sisters; Chari and Manesh not forgetting my parents.

ABBREVIATION AND ACRONYMS

ANOVA: Analysis of Variance

BBK: Barclays Bank of Kenya

BSC: Balanced Score Card

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

GNP: Gross National Product

ICT: Information and Communications Technology

IT: Information Technology

KM: Knowledge Management

LTD: Limited

MNCs: Multinational Corporations

NPV: Net Present Value

PESTEL: Political, Economic, Social, Technological, Environmental and Legal

R&D: Research and Development

RBV: Resource Based View

ROI: Return on Investment

SMEs: Small and Medium sized Enterprises

SPSS: Statistical Package for Social Studies

SROI: Social Return on Investment

UK: United Kenya

USA: United States of America

WTO: World Trade Organization

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ABSTRACT

Several multinational companies have set up base in Africa over the past years. This research was carried out mainly to determine if the macro environment affects the achievements of global firms that are in Kenya. The research focused on variables such as socio-cultural environs, economic factors, political stability, technological and environmental potentiality among others. In addition, this study finds out whether that the performance of firms from different countries of origin and industries are affected by the environment in a similar manner as those belonging to any other sector. The findings of the study can bring about the conclusion that political stability, political stability, political system and ideologies, taxes, excise duty, exchange rates and interest rates, customer's taste and preference and consumer's purchasing power are among the major factors that affect performance as far fulfillment of an organizations' goals are concerned. The study established that organizations are affected by the macro environment within which they exist. Factors such as the political environ as well as the economic, social and legal environs were among the major influencers of the environment and specifically so where political stability and effective political systems are concerned, taxes, excise duty and exchange rates plus understanding the consumer needs and preferences. A relationship strong and positive therefore exists between the external environ and the success of corporations with the least influential factor being the socio-cultural factors dealing with religion, belief, attitude and values and this applied to all aspects of performance excluding customer relationship.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Surroundings of firms influence performance and the decision making processes during a firms development of strategic goals and these can either be internal factors relating to competition, organizational structure inter alia or external factors which can either be Political, Economic, Socio-cultural, Technological, Ecological or Legal (PESTEL)as proposed by Walsh (2005) and Johnson et.al (2008). Performance on the other hand is the fulfillment of certain stated obligations or goals and tools such as return on investment (ROI), knowledge management (KM) and Social return on Investment (SROI) have been used to measure performance of global firms however, balanced scorecard (BSC) which was by Kaplan and Norton in 1992 remains one of the most prominent tools used as it measures more holistic variables within an organization. Thus the study explored the success of firm based on the influence of the external environment by means of BSC as a measurement tool for achievement.

Theories such as those of competitive advantage of nations (Porter, 2016) and open systems aided in providing a greater understanding of the effect that the business environment surrounding firms has to the performance of an organization be it in a negative or positive way. The project therefore made preview the effects of the external environ on performance thus enabling researchers and other stakeholders to gain insight on how effective using a comprehensive measurement tool as that proposed by Kaplan and Norton (2000) can be to an organization.

Ochieng (2014) was among the researchers in developing countries to use BSC by Kaplan et al (2000) with respect to the macro environment. The study previewed the effects of the macro environment to transnational firms in Kenya but belonging to different sectors and home countries. This has facilitated scholars, corporations, government bodies among other stakeholder to gain insight on how effective using a comprehensive measurement tool as that of BSC can be to an organization. It also provided insight on how different macro environmental factors affect different areas within the organization.

Wu (2008) attributed the existence and development of international corporations to the developing trends in the global business environment. MNCs are also known as transnational organizations and they own or control offices/factories, on the minimum, one country other than its home country and view their domestic operations as part of a universal or region-wide operation. They can be grouped depending on their operational arrangement that is decentralized corporations with strong home country presence or centralized corporations which acquire cost advantage through centralization of production wherever cheaper resources are available. The study looked at a random sample of multinationals in Kenya, selected form the table in Appendix II. Some examples of these organizations include Coca-Cola, Unilever, Proctor and Gamble, Johnsons & Johnson, Standard Chartered Bank, Barclays bank, Samsung just to name a few. On the other hand, there are also homegrown MNCs like East African Breweries, KCB, Kenol-Kobil, Nakumatt, East African Portland Cement Company Ltd.

1.1.1 Macro Environmental Factors

Macro environmental factors in International Business organizations are those external factors from the host or home country which affect a firm's operation and profitability. Firms must cogitate about these factors if they are to survive and strategically place themselves for lucrative business globally. These external influencers include legal factors, politics, social-cultural aspects, technology, environmental or ecological influences and economic factors as outlined by Walsh (2005) and Johnson et.al (2008).

Economic factors involve issues dealing with inflation, interest rates, per Capita Income, labor costs among others. The exchange rate of a currency was also a determining factor since it eventually translates into an increased or decreased operational cost when changing currencies in order to pay workers or undertake any other service. An increase in the living standard would ultimately result in increased demand for products, providing a multitude of opportunities for businesses where profits are concerned. The environments in which firms operate are changing at a constant rate with the business atmosphere becoming more and more volatile, unpredictable and highly competitive, yet this was what determines the profitability of an organization. Corporations need to rethink their marketing strategies (Pearce & Robinson, 2013).

Religion, language, lifestyle patterns, virtues, tastes and behaviors are the social-cultural difference amid regions. Firms must appreciate the complexity of the cross cultural environment, how divergent cultures can be and how this diversity can best be reflected on a firm's strategy. These socio-cultural and demographic distinctions influence spending patterns, the stakeholders' decision making process and consumer response to various marketing strategies positioned. Matters consisting of relations among the individual and the collective, religion, existing family plus time views and gender roles are all substantial when managing new populace. Gutterman and Brown (2010), state that sensitivity to these probably results in the difference between fulfillment and failure.

The physical environment was another aspect comprising of climate changes, availability of resources like oil, coal and minerals and natural disasters such as floods tornadoes and earthquakes. Climate changes have an impact on various industries such as farming, tourism and transport among others. Global warming and the growing concern to protect the environment are significant elements firms should consider as it ultimately affects patterns of demand and provides aspects of business opportunities. Bans have been witnessed in United Kingdome (UK) for Petrol and Diesel cars as from 2040, with an anticipation of having a number of toxin taxes on the most polluting “dirty" vehicles are also expected to come into force by 2020, according to an article by Luke (2017) on the Express website. Kenya has also looking at increasing custom charges for second hand vehicles as a means of protecting and preserving the environment.

Firms ought to constantly consider the most recent technological improvements for them to stay competitive (Stopford et al., 1998). A fast changing technological landscape greatly influenced a firm's production, distribution and communication and firms need to recognize the potential prevailing technologies which can aid them to survive and avoid technological archaisms in the industry thus obtain competitive advantage. The role played by technology in trade keeps increasing annually and it's important to realize that changes in this area ultimately affect costs and quality leading to innovation and building a country's presence internationally. Businesses are going the digital way by using applications, websites and social media to market themselves. Innovations are emerging and the growth of e-commerce has tremendously increased.

The politics of a nation or region has an enormous influence on the power of consumers, operational cost and regulation of businesses. The Kenya demonstrations held due to the 2017 presidential elections had an impact on trade transactions. According to a World Bank Report (2012), Kenya was ranked 109 in number from 183, this was on an ease of doing business index. However, the position has since improved to rank 92 out of 190 economies as at 2017. Therefore consideration ought to be given to modifications in areas like laws protecting consumers, environmental legislation, employment laws, organization health and safety.

Political and legal factors relate to the change of government and changes to laws, regulations and policies respectively. Organizations should be able to anticipate the way in which a certain change in a law or inclusion of a regulation was going to affect how they conducted business. Governments have stirred towards controlling the entire industrial sector (Geppert, 2003), to add to this one must examine the types of interventions from governments, if host governments have in several circumstances constrained liberation of a transnational corporation in deploying resources and limiting strategic freedom.

1.1.2. Organizational Performance

Performance signifies an organizations accomplishment in relation to its stated goals. Organizational performance is an outcome achieved once a firm successfully formulates and implements its strategy of value which enables customers to receive a service or product of value greater than what they are willing to pay for (Barney, 2007). Through measurement of achievement firms have an extensive comprehension of its condition, to obtain opportunities, manage the dangers in nature and accomplish a positive practical upper hand in business.

Firm competencies have long been considered significant factors in firms' performance because they enable the firm to develop, combine and transform its resources into value offerings (Doole & Demack, 2006). The turbulent environment presents opportunities and challenges for organizations constantly. For sure, it was these opportunities and challenges which enable firms to evaluate how well they are performing to reach their vision, mission, and goals so as to set future strategic objectives.

An organization's performance can be measured via benchmarking, SWOT analysis, Return on Investment (ROI), Social Return on Investment (SROI), knowledge management or management by objectives however, emphasis has been drawn more towards the Balanced Scorecard, proposed by (Kaplan & Norton, 1992), as an all-inclusive measure that attempts to exhaust the debate on factors influencing performance.

The Balanced Scorecard remains one of the most prominent tools used by organizations globally since it has an ability of tracking the key items which collectively echo four dimensions of firms: financial; customer; internal business process, and learning and growth as denoted by Kaplan and Norton(1992). Therefore the achievement of organization, always involves teamwork and especially so managers working together to achieve the required results. Performance has always been continuous providing room for improvements to take place.

1.1.3. Multinational Corporations in Kenya

These are global organizations which own or control offices or factories in any other nation other than its nation of origin and view their domestic operations as part of a universal operation. Economists have defined them as corporation which, "owns (in whole or in part), controls and manages income generating assets in more than one country," (Hood & Young, 1984). In Kenya, such firms gained presence from 1963 to 1980 originating from Great Britain, Western Europe and the USA. Foreign firms would acquire land in Kenya but between 1962 and 1964, foreign ownership in agriculture greatly reduced. The Kenyan government had banned land acquisition by these firms, resulting to a paradigm shift from agriculture to commerce and industry sectors (Gachino, 2006).

Importation and exporting of goods and services, investment, joint ventures, franchising, contract manufacturing or opening manufacturing or assembly operations were witnessed. Firm would tap into the Kenyan for growth opportunities and low operational costs due to the availability of resources and labour thus increasing revenue and profit margins. According to Wu (2008), the existence and development of these firms was attributed to the developing trends that are present in the global business environment.

Scholars such as O’Brien and Ryan (2002) denote Kenya to be a fairly attractive location for foreign investment for quite a number of years. World Bank (2012) ranked Kenya 109 from a total of 183 countries on an ease of doing business index with the legal and regulatory environment recognized as major factors hampering foreign investment by restricting ownership by foreigners. In 2017, the reports have since indicated an improvement on the Kenyan economy with areas such as property registration needing improvement. These transactions aid the host country to expand and sustain avenues for economic competitiveness, promote human development by understanding other people’s cultures, increase entrepreneurial spirit and promote relations across nations.

1.2. Research Problem

The reason for the research was to determine the macro influencers that affect the financial, social and internal performance of multinational corporates in Kenya. Success of these firms was highly reliant on the external environment present. A research study on how the Political Environment influences Performance of International Hotel Chains Operating in Nairobi, Kenya established that the political environment influenced the overall performance of the hotel chains. The cited study by Kigera (2016) used a stratified random sampling of five (5) hotels per stratum of the hotel ratings however, the study did not include other aspects of the external environment such as socio-cultural, ecology and economic factors in relation to performance of the hotel chains consequently leaving a gap for research.

In addition, Kigera (2016) analyzed a segment under the hospitality industry in the tourism sector. Therefore, the findings might differ when related to food and beverage or travel and tourism industries since it only looked at a sector of the economy providing a gap for researchers to look into the effect of the macro environment in relation to other players in the economy. Firm strategies can only be placed appropriately if regular research was undertaken. Consequently, this study explored the means by which the external environment impacts on the multinational corporations in Kenya. This study involved firms from different host countries and sectors of the economy.

A survey by Adeoye and Elegunde, (2012) on how the External Business Environment Impacts Organizational Performance in the Food and Beverage Industry in Nigeria, revealed that the macro atmosphere has an influence on organizational performance. However, they recommended continuous observation and scanning of environment to facilitate firms in having a clear understanding of the current trends and select appropriate strategies to gain competitive advantage. This study, a sampling of three organizations, only covered one sector of the economy leaving a gap for research to unearth whether similar findings would be obtained for other sectors and countries.

Earnhart et al, (2007) in their descriptive study, Does Better Environmental Performance Affect Revenues, Cost, or Both? Evidence From a Transition Economy, looked at Czech Republic firms between 1996 to 1998, strongly depicted that an improved environmental performance results in profitability by decreasing costs more than revenue stating that a stable macro environment brings about superior organization performance financially. However, the study did not state if this would apply to other performance aspects as per the BSC. The case study of an anonymous USA firm on Customer satisfaction for financial services: The role of products, services and information technology by Krishnan et al, (1999) found that rapid changes in technology alters the way in which consumers relate to their providers of financial service. Using a full Bayesian analysis, the study challenged such firms dealing with such services need to embrace technology to remain competitive now that the global market has become more and more tech-survey. These rapid changes in technology require frequent research with the intention of eventually obtaining a paradigm shift.

A cross-sectional survey examining if knowledge management (KM) leads to innovation stated that development goes about as a conductor in the connection among KM and business accomplishment levels and KM remains a fundamental factor that promotes small and medium enterprises (SMEs) innovations. The empirical study on manufacturing SMEs in Rwanda by Eugenie et al (2016), confirms that SMEs should focus on turning their knowledge resources into the advancement of new items, procedures and markets to improve business execution. This leaves a gap for research on whether a study on SMEs in other sectors would obtain.

Ochieng (2014) concluded that complying with the laws of a land were very substantial environmental factor which highly affects the banking industry including abrupt changes in IT, customer preference and politics. While assessing the Effects of Environmental Turbulence on Commercial Banks' Performance and their Responses, a Case Study of Eco-bank Kenya Limited, it denotes that 46% of Eco bank's performance was actually greatly influenced by interest rates, government regulations including changes in customer tastes. However the pan-African bank was under the banking sector thus creating a room for research for corporates in other sectors.

On the other hand, Mutua et al (2015) in their cross sectional survey and descriptive research design looked at the ICT sector in Rwanda between 2012 and 2013.They argued that great focus should be on environmental indicator as they facilitate the establishment, security, growth and sustainability of investments as these were found to have had the highest influence on foreign investors when choosing their investment destination(s). A case study discussing external environmental factors which affect international business transactions at Barclays Bank of Kenya, a study by Ndungu (2012), depicts that political and legal factors such as political steadiness, tax policies, tariffs, consumer protection, trade restrictions plus technological factors have a huge impact on global business transactions but various strategies should be employed to increase productivity and performance and this can only be done via research to gain more insight.

It was vital to address the relationship between variables affecting success of global firms operating in Kenya. The investigation was not limited to a particular industry instead; it looked at firms' from various industries that have a presence in Kenya and originating from various countries. The macro environment constantly changes from time to time and as a consequence, there was need for additional research to be undertaken frequently to obtain a paradigm shift where possible, highlighting various changing trends provide a broader understanding and interpretation of the relationship between the variables at play and if the same findings applied on performance using the balanced scorecard by Kaplan and Norton (2000). The study therefore provides to answers to; what are the outer environmental components affecting performance of Multinational Corporations in Kenya?

1.3. Research Objective

To determine the influence of macro environmental factors on performance of Multinational Corporations (MNC's) in Kenya

1.4. Value of the Study

The study explored how some external business environment influences performance of international businesses in Kenya. This made available valuable insights to governments besides policy makers on the essence of providing an enabling business environment to attract and retain global firms thus allowing Kenya to reap fully economically and in a holistic manner bearing in mind the turbulent business environment present. It facilitated strategy to other developing countries in laying business-friendly policies which attracted more trading opportunities while at the same time protecting regional interest.

The study therefore was seminal to scholars undertaking research on various aspects of international business environment and performance thus acting as a reference tool. It was through this study that the body of knowledge was also enriched as the study explores to challenge the different theories and ideologies applied and form a basis for discussion. It also facilitated hypothesis testing in relation to the effect of the external environmental influencers on the success of Multinationals in Kenya.

Firms were be able to constructively lobby for change and fully participate in different call for actions regarding various environmental factors and influence the business environment concerning operations of MNCs in Kenya. Global competitive firms such as Safaricom Ltd was able to embrace relevant strategies that aided them map out their advancement paths leading to success. These strategies can only be placed appropriately with the aid of similar research studies thus facilitating competitive advantage. It therefore remains paramount to undertake research more frequently in order to obtain the frequently changing trends present in the environment and place necessary strategies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The investigation looked into numerous universal theories among which identify with businesses and writing on authoritative execution embraced by different scholars, researchers, examiners and writers as far as international business was concerned. The section starts by presenting the hypothetical establishment of the investigation and it also presents the idea of countries having had an upper hand thus determining where organizations venture into and hypothesis of open frameworks.

International trade theories provide insight on why global exchange exists. A few nations have vast wealth and skills among other features thus facilitating them to have competitive advantage and increased the international investments as suggested by Porter (2016) in the Competitive advantage of Nations theory. Theories such as those of Mercantilism, theory of comparative advantage, theory of absolute advantage, overlapping product theory among others have been used to aid in the understanding of international business as well as the growth of multinationals.

This study also looked at the Open System theory, originally developed by a biologist called Ludwig von Bertanlanffy in 1956 but this theory applied across disciplines immediately. It basically refers to the notion that organization performance was intensely influenced by the firms' environment (Galbraith & Lawler, 1993). The environment therefore affects the ability a firm has to achieve its goals.

2.2 Theory of Open System

This theory simply denotes a school of thought that organization performance was highly dependent on the environment that a firm operates in (Galbraith &Lawler, 1993). The international business atmosphere consists of turbulence and organizations find themselves exerting numerous forces which are either of economic, political, legal, technological or of social nature. It was this atmosphere that accords firms the ability to obtain necessary resources and strategies to sustain their survival and improve on their performance thus resulting in change.

It facilitated the understanding that organizations are many at times influenced by the activities that transpire within a nation from its citizens. Once the market leans toward a certain direction it in turn influences demand and product performance. As the world becomes more aware of their environment and global warming, regions, nations and firms employ laws governing pollution such as the plastic ban in Kenya which also affected the packaging of imported and exported items. Scott (2002), stated that firms and societies conduct their trade in a way that they tend to impact as well as alter their external environments, while being influenced by these external changes in their collective surroundings locally and internationally. This manner of a two-way influential exchange was referred to as active adaptive change.

Firms and societies are therefore evidently viewed as systems which are open, thus constantly being changed and always influential to each other. They also alter and influence their environment by use of policies and placing acceptable standards. The trade industry in Kenya can therefore be perceived as an open system due to the fact that the performance of firms was highly affected by the environment presenting itself be it internal or external.

2.3 Competitive Advantage of Nations

Porter (2016) argued that the central tenets of a firm's competitive advantage rest on the ability of the organization to position and differentiate itself in a given context. Firms should desire tactical competences that others find difficult to emulate or even acquire. Bearing four attributes: factor conditions; Strategy, structure and rivalry; demand conditions; and related and support industries; the model facilitates the understanding of why nations make universal progress in a specific industry. Technology, communication and infrastructure are deemed to be very significant to a firm. The growth of technology, available communication means and access to various amenities including the different aspect of the infrastructure can bring about a positive gain to an organization since they had the ability to communicate about their products to customers effectively and ensure access of the same.

Porter (2016) states that, companies have to produce inventive products which are of high quality early for the sophisticated customers at home country, to gain competitive advantage and this was evident as institutions such as Unilever actually begun with improvement of products in the home country before expanding into other markets. Siemens, a German company arranged an agent branch office in Beijing in 1982 so as to take advantage of the Chinese market. This was attributed to the advanced technology and infrastructure present, the large population in China which creates a good potential market as well as availability of cheap labor thus reducing production costs. The scholar observed that competitive forces in an organizations' surrounding drive its corporate strategy and this was evident with the entry of Little Cabs, Taxify and Uber.

Consumers' needs are changing and innovation has increased in the Kenyan market with the growth of e-commerce and home delivery going a notch higher to the extent that we currently have dial a motorbike for delivery service (Savvy Riders).Services such as Dial a delivery which was then used for restaurants only has built ideas such as Dial a drink, Safe Boda among others. Safaricom Ltd was able to gain competitive advantage through employing effective strategies and structures and providing avenues for support with other players in the industry, Ndambuki (2016). Through its rivalry with Celtel (Airtel), it cut customers' costs tremendously thus gained a larger portion of the market share.

2.4 Organizational Performance Measurement

Firms have various methods for estimating their prosperity such as benchmarking and undertaking surveys. The achievement level of a firm was therefore based on its organizational performance. There has been lack of agreement on performance measures as scholars define the concept depending on their discipline of study. Furthermore, the performance measuring indicators are not universally identified or defined. This has been acknowledged by Lu and Beamish (2006) who observed that it was hard to choose appropriate markers to quantify execution. As a result, scholars have made use of numerous measures to get a more complete understanding of an organizations performance.

Previous scholars have argued that even though monetary measures have been extensively used to quantify financial performance, they essentially do not sufficiently approximate the actual organization's overall performance. They therefore were supplemented by way of other subjective measures for a comprehensive representation of overall performance. According to Chakravanthy (1986), performance can be viewed as a multidimensional notion composed of numerous related elements. However, these measures have been found to be lacking and in order to mitigate the shortcomings of the financial measures, multinational organizations have resorted to use a composite of performance measures. Hult et al. (2007) reiterates that a good performance-measurement framework should focus on multiple indicators and multiple data sources, for the international arena.

This study proposes the Kaplan and Norton (1996) Balanced Scorecard. It indicates that a firm's performance consists of monetary measures as well as non-financial measures allowing executives to take a glimpse at business from four points of view; financial, service delivery, learning and growth and internal business process. BSC points out that firm performance was viewed as multi-dimensional and should include financial, operation and customer related performance measures. To productively implement the Balanced Scorecard managers implement reasonable methodologies which are clear. Open communication with all internal stakeholders in the organizations was fundamental for the said system to bringing out progress.

2.4 Macro Environmental Factors and Organization Performance

The environmental factors affecting firms in the international arena may be of similar nature or differ in comparison to the organizations' home or host country. When these variables are dissimilar, a firm must adjust its mode of operations to suit and survive in the unfamiliar external environment. Corporations therefore should be abreast with these variations to achieve organization performance. The external influences as outlined by Walsh (2005) and Johnson et.al (2008) include legal factors, politics, social-cultural aspects, technology, environmental or ecological influences and economic factors and these also apply for the international business environment.

Politics stability, international relations with other countries, government investment and consumption are all political factors that need are considered globally. Kigera (2016), concluded that stability in a nation or lack of it proves to affect a firm greatly including factors such as laws and regulations. These laws should be in a manner that provides leverage to investors to aid competitive advantage in a country. A good example of these influential factors was the drop of South Africa's annual imports and exports, between 2008 and 2009 when there was a change of guard. Unilever also witnessed an increase in the demand of vital wartime supplies like soap and margarine during the World War I thus expediting expansion through the acquisition of smaller businesses.

Socio-cultural factors such as taste and preferences of a nation, special interest groups, aesthetics, religion, values and attitudes should be of interest to investors as they tend to shape perception about a product. Sensitivity to these factors eventually bears the result of success or failure Brown and Gutterman, (2010),therefore a firm should be able to embrace the language of the host country to gain competitive advantage and as a result bring growth on consumer buy-in. Blue band a product from Unilever has two distinct brands to cater for the different customer segments. Coca cola have expanded their market segment through the years by introducing other flavored sodas. Originally, there was only Fanta orange in Kenya, but currently we also have Black Current, Pineapple and Passion flavors. The same was witnessed with Coke and Sprit brands as Kenya and the world ventures into living a healthy lifestyle.

As per Porter (1990), technological change remains a central driver of rivalry. Innovation can change the way of life and purchasing behaviors of customers. Firms considered how tech-survey a population was and the advancement of technology at both the host and home country. Technological surroundings impact the organizations in terms of funding, regular utilization of technology and the consequences of it on markets Joshi, (2009). The automotive industry has witnessed various technological changes such as digital purchase of vehicles, autonomous driving from manual, data security, improved manufacturing and protection including predictive maintenance which increased consumers' demand for owning cars due to the digitally enhanced experience when they are researching, purchasing and operating a car.

High interest charges deter advancement through investment since it becomes more expensive to borrow. A sturdy currency in-turn makes exporting more difficult as it may raise the values in terms of foreign currency, inflation additionally increases the demand of higher wage needs from employees and upsurge costs, and increased domestic income may additionally boost demand for a firm's products, Daniels et al (2007). Firms like Unilever used metal containers but between 1980’s and mid 90’s, this changed to the use of plastic containers. Coca Cola Ltd also enhanced their packaging from the use of glass bottles only to embrace the use of plastic take away bottles enabling the consumer to enjoy the drink at their preferred time and place and facilitating reduced operation and production costs. However, the current ban by the Kenyan government might force them to reinvent their packaging and it also saw the closure some manufacturing companies.

2.5. Empirical Studies and Knowledge gaps

The existence and development of MNCs was attributed to various changes globally in the business environment. Globalization has created remarkable possibilities through the years, for global commercial enterprises to investment and trade. Many firms are trying to extend their commercial enterprises internationally, however this should be done in a strategic manner. Countries such as China have become the target of such firms because of the large population of over 1.3 billion people that creates a good potential market. Companies such as Siemens set up its branch office in Beijing in 1982 with the intention of tapping into the Chinese market (Fryxell et al, 2004).

The study by Adeoye and Elegunde (2012), found that apart from capital availability, the environment present for Nigerian firms affects the actual operations of firms. The survey on the impacts of external business environment on organizational performance in the Food and Beverage Industry in Nigeria, also revealed that controlling of the external business environment can be done to some extent ceteris paribus but constant monitoring and environmental scanning was vital.

The study explored whether similar findings were observed for firms hosted in Kenya. Ochieng (2014), examined the macro competitive environment in which Ecobank Kenya Limited works in and the effect of this environ on its performance. The case study observed that less than 50% of the bank's performance was accredited towards numerous factors like interest rates, changes to the customer sense of taste and government rules portraying a positive relation of the external environment to performance however a current study was required.

Political, legal and economic factors such as superior growth in GDP, investor protection, ease of getting credit, starting a business, enforcement of contracts, paying taxes, registering property, cross border trading, access to market, creation of investment opportunities in the various economic sectors are vital for the boom of foreign direct investments in the ICT sector. The study by Mutuaet al (2015) looked at the ICT sector in Rwanda between 2012 – 2013.They argued that great focus should be on environmental indicators which facilitate the establishment, security, growth and sustainability of investments as these were found to have had the highest influence on foreign investors when choosing their investment destination(s).Wetende (2014), in his study of the macro environmental factors which are affecting the performance of Kenya's export services stated that cautious and precise examination of the exterior environs are of advantage to firms since they offer in-depth comprehension and an gratefulness of the setting in which these firms operates.

These studies evidently portray the importance of the external environment to an organization especially where political and economic factors are concerned. However, the trends in the global market keep on changing and the degree of influence that the macro environmental factors would have on performance also alters thus the purpose of undertaking the project.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Redman and Mory (1923, 2009), described research as a systematized effort to gain new knowledge. The research methodology for that reason was the framework in which factual data and knowledge is used to find a meaning and interpretation of certain phenomenon. The section therefore includes the research design, population of study, sample design, data collection and analysis.

This section can be viewed as the plan of the approach utilized by the researcher to discover answers to the exploration question which was raised. The information collected and the tools utilized to analyze the data facilitated various conclusions from being drawn. The design of the study and measurements were selected based on the purpose for the study.

It is from the above that the analyst was able to draw results from the gathered information and display discoveries which depicted whether a relationship truly exists between the various variables, that is, the ability of corporations to achieve their goals and the external environment.

3.2 Research Design

The researcher perceived this as the core of organizing oneself as far as the study is concerned. The research design constituted a framework for gathering, measuring and exploring data. Cooper and Schindler (2008) point out that research design was the will power and account of the general approach which was selected by the researcher for the specific project.

The type of design which was selected was a descriptive one since it aided in depicting the relationship of the variables under study. The data was gathered using questionnaires which were disbursed as a means of obtaining responses. These were based on closed-ended questions to facilitate statistical analysis as much as they tend to restrict the responses participants can give, Jackson (2009). Factor analysis was used to realize the reliability and validity of the various factors in the questionnaire.

The research design used therefore attempted to pinpoint the different variables at play. It also explained how these variables exist in a given situation to make available a broader depiction of a particular phenomenon (Cooper and Schindler, 2008). Hence the method was perceived as suitable since it facilitated the acquisition of data from firms in different sectors, enabling the study to have an across the board kind of research establishment.

3.3 Population of the Study

Cooper et al (2008) describe a population as the total collection of elements in which references have to be made. Placing this in mind and the fact that elements need to bear common observable characteristics, the population under study for this study were therefore multinationals and specifically so the personnel of these firms who were in supervisory level and above.

Kitchenham and Shari (2002) define a target population of a study as the group or all the individuals to whom the study applies. A target population can therefore be obtained by establishing all the respondents who provided relevant data for a particular study and this population should be finite bearing a list of all the participants who are considered suitable in providing relevant information for the study at hand. The study therefore had a total of two hundred and thirteen (213) firms as per the list attached in Appendix II. From the population a sample size of forty five (45) companies was selected, and this was done using random sampling method.

Those from supervisory level and above in the firms were the respondents since most employees at this level and above are engaged in the business processes of an organization. They are also familiar with the performance among other trends. The target population therefore has observable characteristics to which it intends to generalize the results, Mugenda and Mugenda (1999). The study can therefore be deemed as one which is comprehensive since the organizations listed are all present in Kenya yet from different countries and industries, enabling us to gain greater understanding of the variables at play.

3.4 Sample Design and Sample Size

Cooper and Schindler (2008) stated that a sample size is the set of elements from which data is collected. Sample design and size involves the understanding of whom to survey, the number of respondents to have and the selection method or the technique which was used to select the respondents.

As per the statement above by Cooper and Schindler (2008), the study was therefore collect data from a total of forty five (45) firms. The list of corporates as per Appendix II bears 213 organizations which are from various industries and the most unique thing is that, they represent a total of 13 countries globally. Therefore, stratified random sampling was utilized for choosing the associations in which the review was embraced. Utilizing this strategy verified that each subgroup of the predetermined populace is abundantly spoken to inside the whole example populace of the research study.

In situations where the location of an organization is unknown or inaccessible for one reason or another, convenience sampling was used. Convenience sampling is a technique of sampling whereby respondents of the study are carefully chosen because they are usually without difficulty accessed by the researcher (Cooper & Schindler, 2008).

3.5 Data Collection

The raw data according to Cooper and Schindler, (2008) is described as the data which has been gathered distinctively in a specified research. To add, this data is one that has never been utilized before. There are various methods used to collect this data, some of them are through the use of questionnaires to the different organizations in addition to using interviews which bear closed or open ended questions for both. Case studies can also be used to obtain information from the respondents.

Data gathered for a particular reason and re-utilized again in a different research for different reasons, as per Saunders et al. (2006), is defined as Secondary data. This data normally includes data from reports and articles done in relation to a particular organization or topic. However it would be paramount to use a uniformed method which cuts across the board to collect secondary information.

This particular study used research questionnaire as the focal data collection tool. In circumstances where the respondents were unavailable the researcher opted to send an email with the questionnaire to ensure that the data collected is of similar nature thus not compromising the findings. The respondents were middle – senior level management staff from business processes or those in research and development department, since they often carry out research and might be more familiar with the current trends of the organization.

3.6 Data Analysis

Numerous scholars have explained what data analysis is however, the study emphasized Cooper and Schindler (2008) definition which expresses that it is an exploration method utilized with a goal, orderly and qualitative depiction of the content of communication. Data collected was analyzed using both descriptive and inferential statistics. This enabled enable the researcher to extract the maximum common variance from all the variables present and puts them all into a collective score.

Mugenda and Mugenda, (1999) describes content analysis as the methodical description of the objects or materials of the study. Content examination essentially envelops perception made. The technique reduced the various responses into fewer subgroups and factors thus providing a summary of the findings. This made it easier to condense and correlate the relevant data and to draw conclusion from the data gathered. It aids in ensuring that the large data with interlinked relationships is sensible and showcases associations that were not obvious and any underlying relationships.

The aim of undertaking analysis was to study the collected data with the purpose of determining whether a relationship between the variables exist thus explaining the specific phenomenon under study. The information collected was used to create a data file; this data file was then processed using SPSS statistical tool. The results from the regression and correlation analysis has aided in answering the research questions as presented in the study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section exhibits the real conclusions derived by the researcher form the responses given by respondents and how the input was connected to the objective of the research. The strategy applied in the investigation was the utilization of survey to look for the respondents' feedback of the different traits with respect to the surrounding conditions.

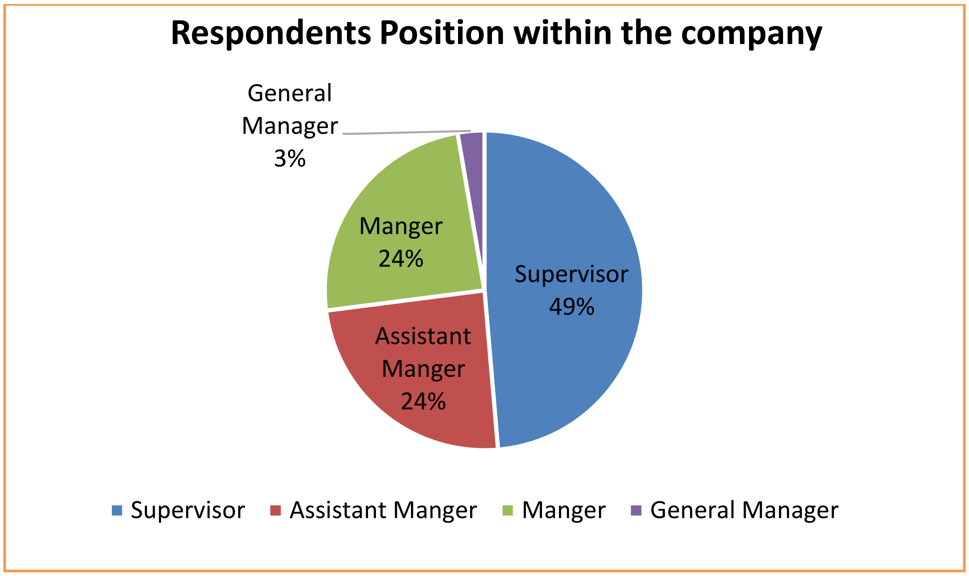
Data exploration, results and arguments were acquired from a total of 45 questionnaires which were distributed. Out of these, thirty eight (38) forms were completed and given back indicating a response rate of approximately 84%. Cooper and Schindler, (2008) stated that a response rate of above 60% was deemed to be good, thus a response of more than three quarter of the size of the sample was a good representation of the populace. Data from respondents was analyzed using (SPSS). A number of tables were fashioned to aid in dispensation of the information and the findings which were obtained from the computations are also included.

The chapter begins with the background information provided by the respondents as per the tool used, followed by the macro-environment, organization performance, customer relationship, internal processes and innovation and lastly learning and growth within an organization so as to make the necessary conclusions and discussions.

4.2 Position held in the organization

In this section the researcher enquired on the general information of the corporations as a means of understanding whether they possessed the characteristics the researcher envisaged to represent the study population. It begun by enquiring on the position held by the individual respondents within the companies sampled. The study established that among the thirty eight participants, 49% were supervisors, 24% were assistant managers, 24% were managers and 3% were general managers. It was worth noting that 51% of the participants were senior officers within the company and they were not only willing to be part of the study but they also responded positively to the data collection tool.

The results of this enquiry are presented in figure 4.1.

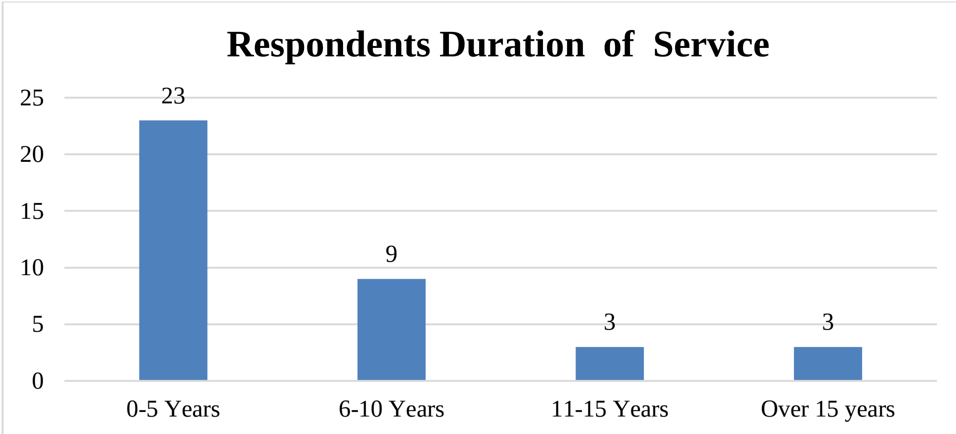


Source: Researcher, (2019)

Figure 4.1: Position of the respondent within the company

4.3 Period of Service in the firm

The study further enquired on how long the participants had worked in the company. This was to enable the researcher to understand how much knowledge and understanding the participant(s) had with regards to the key variables under study. The results are presented in figure 4.2, which showed that a great number of participants (23 respondents – 60%) had actually operated in each of their respective companies for 5 years or less, while 9 respondents (24%) had served for between 6 and 10 years, 3 respondents (8%) had worked for between 11 and 15 years. Another 3 respondents (8%) had worked for over 15 years. The researcher noted that all the participants had worked for a significant period and as such, knowledgeable of the factors under study.

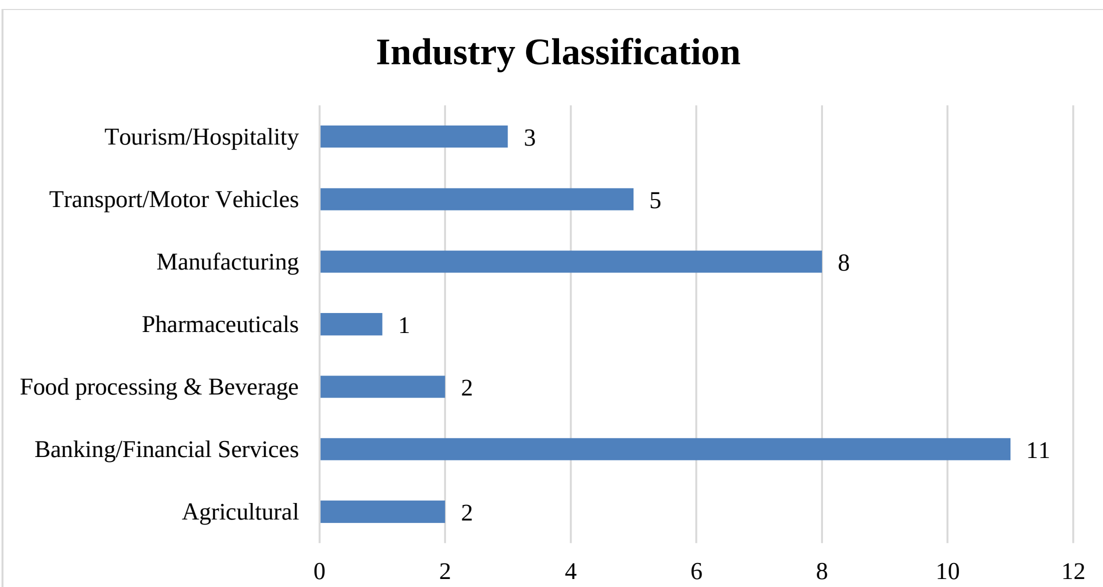


Source: Researcher, (2019)

Figure 4.2: Participants period of service in the company

4.4 Industry Classification

The study further sought to classify the companies into industry categories so as to understand the behaviors in across the different industries. The results are shown below in figure 4.3.



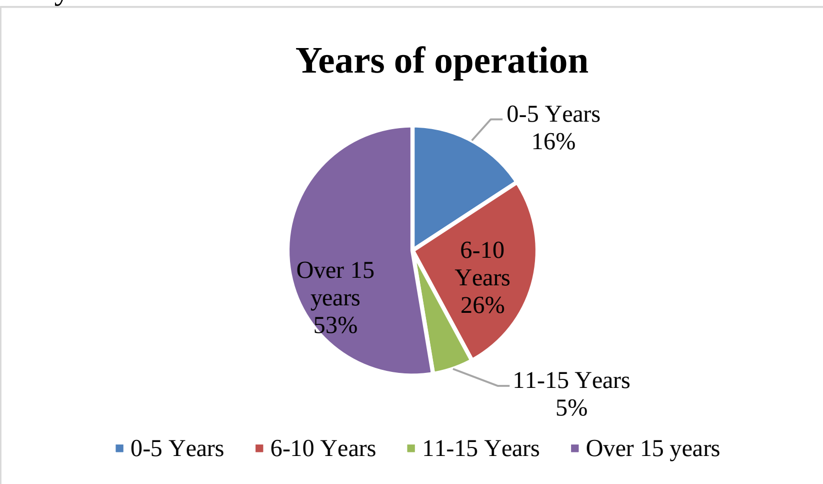
Source: Researcher, (2019)

Figure 4.3: Industry classification

It was established that most of the participating firms were in banking and financial services. This was noted in 11 companies (30%) with 8 companies (25%) being in the manufacturing industry, 5 companies (15%) being in the transport/motor vehicle industry, 3 companies (10%) being in the tourism/hospitality industry, 2 companies (8%) being in the agricultural industry, 2 firms (8%) were in the food processing and beverage industry while 1 company (4%) was in the pharmaceutical industry.

4.5 Duration of operation in Kenya

Finally, the study sought to understand the duration the companies had operated in Kenya.



Source: Researcher, (2019)

Figure 4.4: Period of operation in Kenya

It was established that most of the multinational corporations had operated in Kenya for over 15 years. This was noted in 53% of the participating companies. Companies that had operated for between 6 and 10 years were 26%, 16% had operated for a period of 5 years and less while 5% had operated for a period of between 11 and 15 years. Companies with a long presence in the Kenyan space were noted to have more information that was required by the study due to their experience with different operating situations.

4.6 Macro-environment

The key point of enquiry in relation to macro-environment was to understand the extent to which multinational corporations are affected by various aspects of the business environment in Kenya. The findings of this enquiry are specified in Table 4.1.

Macro Environment

Where (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5) Very large extent

Table 4.1: Macro-environment factors affecting multinational corporations

Factors	1	2	3	4	5
Infrastructure and availability of electricity	7.9%	13.2%	21.1%	26.3%	31.6%
Taxes, Excise Duty, Exchange rates & Interest rates	7.9%	2.6%	18.4%	18.4%	52.7%
Availability of quality labour	13.2%	18.4%	13.2%	26.4%	28.9%
Access to capital and financial support	23.7%	21.1%	18.4%	13.2%	23.7%
Consumer’s purchasing power	7.9%	7.9%	23.7%	31.6%	28.9%
Available market & access to regional markets	5.3%	10.5%	28.9%	26.6%	28.9%
Availability of technical support	18.4%	10.5%	23.7%	26.4%	21.1%
Presence of innovation and advancement in IT	10.5%	15.8%	15.8%	26.3%	31.6%
Availability of advanced Technology	11.1%	11.1%	19.4%	25%	33.3%
Availability of natural resources	22.9%	31.4%	20%	17.1%	8.6%
Environmental Regulations	16.7%	19.4%	19.4%	27.8%	16.7%
Regulatory Framework (s)	5.6%	8.3%	22.2%	30.6%	33.3%
Presence of a regulatory body	0	2.9%	22.9%	28.6%	45.7%
Political stability, effective political system	2.8%	2.8%	16.7%	22.2%	55.6%
Ease of obtaining licenses to open and expand business	5.6%	13.9%	27.8%	27.8%	25%
Crime-free environment and Security	13.9%	11.1%	16.7%	22.2%	36.1%
Corruption	11.4%	14.3%	25.7%	17.1%	31.4%
Access to investment opportunities	5.6%	19.4%	41.7%	11.1%	22.2%
International relations with other countries	17.6%	17.6%	14.7%	14.7%	35.3%
Language used to advertise and market the product	15.8%	13.9%	38.9%	19.4%	11.1%
Availability of quality materials	20%	17.1%	14.3%	20%	28.6%
Understanding consumer needs, taste and preference	13.9%	8.3%	16.7%	13.9%	47.2%
Knowledge acquisition and transfer	11.4%	20%	20%	22.9%	25.7%
Religion, beliefs, attitude and Values	27.8%	19.4%	27.8%	19.4%	5.6%
Cyber-crime control, data protection and cyber security laws	13.9%	19.4%	11.1%	16.7%	38.9%

Source: Raw data, (2019)

From the data collected, it was established that a cumulative 77.8% of the respondents noted that political stability, effective political system affected multinational corporations to a great extent. A cumulative 74.3% of the respondents felt that presence of a regulatory body as a macro-environment factor affected multinational corporations in Kenya to a very great extent. A cumulative71.1% of the respondents felt that taxes, excise duty, exchange rates and interest rates affected multinational corporations to a large extent. A cumulative 61.1% of the respondents felt that understanding consumer needs, tastes and preferences affected multinational corporations to a large extent.

Other notable macro-environment factors included regulatory frameworks (63.9%), availability of advanced technology (58.3%), crime free environment and security (58.3%), presence of innovation and advancement in IT (57.9%), infrastructure and availability of electricity (57.9%), cyber-crime control, data protection and cyber security laws (55.6%) and international relations with other countries (50%). The study established that most respondents felt that religion, beliefs, attitudes and transfers affected multinational corporations to a small extent. This was noted in a cumulative 47.2% of the respondents.

4.7 Organization Performance

In the strength of understanding the connection which lies between success and the outer environment, the investigation therefore tried to realize whether multinational corporations' financial achievement was affected by the various aspects of the business environment in Kenya. Results pertaining to this are as presented in Table 4.2.

Financials

Where (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5) Very large extent

Table 4.2: Factors affecting financial performance of multinational corporations

Factors	1	2	3	4	5
Infrastructure and Power Availability	5.9%	17.6%	11.8%	29.4%	35.3%
Taxes, Excise Duty, Exchange rates & Interest rates	5.9%	5.9%	8.8%	38.2%	41.2%
Availability of quality labour	11.8%	8.8%	20.6%	17.6%	41.2%
Access to capital and financial support	15.2%	18.2%	15.2%	21.2%	30.3%
Consumer's purchasing power	2.9%	5.9%	11.8%	17.6%	61.8%
Available market & access to regional markets	0	15.2%	18.2%	18.2%	48.5%
Availability of technical support	9.1%	12.1%	24.2%	15.2%	39.4%
Innovation and advancement in IT	6.1%	15.2%	12.1%	18.2%	48.5%
Availability of advanced Technology	9.1%	6.1%	15.2%	18.2%	51.5%
Availability of natural resources & quality materials	15.2%	15.2%	27.3%	21.2%	21.2%
Environmental Regulations	12.1%	15.2%	30.3%	18.2%	24.2%
Regulatory Framework (s)	3%	15.2%	21.2%	24.2%	36.4%
Presence of an Industry body	3%	9.1%	33.3%	27.3%	27.3%
Political stability, effective political system	3%	9.1%	6.1%	24.2%	57.6%
Ease of opening and expanding a business	3%	9.1%	27.3%	33.3%	27.3%
Crime-free environment and Security	6.1%	5.2%	12.1%	18.2%	48.5%
Corruption	9.1%	15.2%	15.2%	30.3%	30.3%
Access to investment opportunities	3.1%	9.4%	25%	25%	37.5%
Government purchasing /consumption power	9.1%	15.2%	21.2%	27.3%	27.3%
International relations with other countries	6.3%	18.8%	18.8%	12.5%	43.8%
Literacy levels of consumers and language	12.1%	18.2%	27.3%	15.2%	27.3%
Customer's taste and preference	3%	15.2%	6%	30.3%	45.5%
Knowledge acquisition and transfer	6.1%	21.2%	24.2%	24.2%	24.2%
Religion, beliefs, attitude and Values	27.35	24.2%	18.2%	21.2%	9.1%

Source: Raw data, (2019)

The study established that political stability, effective political system was the most prominent factor that affected financial performance of multinational corporations to a great extent. This was cited by a cumulative 81.8% of the respondents. Other notable factors that affected financial performance of multinational corporations included taxes, excise duty, exchange rates and interest rates (79.4%), consumer's purchasing power (79.4%), customer's taste and preference (75.8%), availability of advanced technology (69.7%), innovation and advancement in IT (66.7%), crime-free environment and security (66.7%), infrastructure and power availability (64.7%) and availability of quality labor (58.8%).

Factors such as regulatory frameworks (12.3%), presence of an industry regulatory body(12.3%), political stability, effective political system (12.3%), ease of opening and expanding a business (12.3%), access to investment opportunities (12.5%) and crime-free environment and security (11.3%) were cited as factors that affected financial performance of multinational corporations to a low extent.

Under customer relationship, an understanding was sought regarding the degree to which several environment influences affected customer relations and customer service within multinational corporations. The outcomes are as per Table 4.3.

Customer Relationship

Table 4.3: Factors affecting customer relations

Factors	**Strongly Disagree (1)**	**Disagree (2)**	**Neutral (3)**	**Agree (4)**	**Strongly Agree (5)**
The political environment affects the delivery of goods and services to consumers.	0	8.6%	8.65	11.4%	71.4%
Customer attraction is achieved when we use the consumer's preferred language.	2.9%	0	11.4%	31.4%	54.3%
Procedures, rules and regulations enable us to serve customers better and satisfactorily.	0	0	17.1%	25.7%	57.2%
A good understanding of a consumer's culture can result to attraction and retention of customers	0	2.8%	0	28.6%	68.6%
The organization can achieve its target if a customer has the financial ability to purchase goods/service.	0	2.9%	8.6%	37.1%	51.4%
How we manage our office and put in place environmental measure greatly affects a consumer perception of the firm	2.9%	5.7%	5.7%	34.3%	51.4%
Advanced technology enables the organization to develop the best products/services for customer	0	0	5.7%	22.9%	71.4%
An eco-friendly product or presence greatly affects a consumers perception of the firm	0	0	8.8%	35.3%	55.9%

Source: Raw data, (2019)

A cumulative 82.8% of the respondents were in agreement that the political environment affects the delivery of goods and services to consumers while 8.6% were in disagreement. A cumulative 85.7% of the respondents were in agreement that customer attraction was achieved when we use the consumer's preferred language with 2.9% being in disagreement. A cumulative 82.9% were in agreement that procedures, rules and regulations enable us to serve customers better and satisfactorily.

A cumulative 97.6% were in agreement that a good understanding of a consumer's culture can result to attraction and retention of customers with 2.8% being in disagreement. A cumulative 88.5% were in agreement that the organization can achieve its target if a customer has the financial ability to purchase goods/service with 2.9% being in disagreement. A cumulative 85.7% were in agreement that how we manage our office and put in place environmental measure greatly affects a consumer perception of the firm with a cumulative 8.6% being in disagreement.

Accumulative 94.3% were in agreement that advanced technology enables the organization to develop the best products/services for customer. A cumulative 91.2% were in agreement that an eco-friendly product or presence greatly affects a consumers' perception of the firm. The conclusion from this analysis was that a business that understands the culture of the consumers easily attracts and retain customers, this improving its performance.

When looking at the internal process, the study ventured into finding out the degree to which various business environment factors affect internal processes of multinational corporations. Results of the same exist in Table 4.4.

Internal Processes

Table 4.4: Factors affecting internal processes

Factors	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Infrastructure and Power Availability	11.8%	0	5.9%	32.3%	50%
Taxes, Excise Duty, Exchange rates & Interest rates	2.9%	0	2.9%	44.1%	50%
Availability of quality labour	8.8%	2.9%	8.8%	32.4%	47.1%
Access to capital and financial support	8.8%	2.9%	8.8%	26.5%	52.9%
Consumer's purchasing power	0	5.95	2.9%	14.7%	76.5%
Available market & access to regional markets	2.9%	0	17.6%	23.5%	55.9%
Availability of technical support	9.4%	9.4%	12.5%	31.3%	37.5%
Innovation and advancement in IT	2.9%	11.8%	8.8%	20.6%	55.9%
Availability of advanced Technology	2.9%	8.8%	14.7%	17.6%	55.9%
Availability of natural resources & quality materials	12.1%	12.1%	30.3%	30.3%	15.2%
Environmental Regulations & Regulatory Framework	5.9%	5.9%	14.7%	44.1%	29.4%
Presence of an Industry body	3%	3%	24.2%	21.2%	48.5%
Political stability, political system and ideologies	6.1%	3%	9.1%	24.2%	57.6%
Ease of getting certifications/ opening and expanding a business	2.9%	8.8%	11.8%	32.4%	44.1%
Crime-free environment and Security	8.8%	11.8%	8.8%	20.6%	50%
Corruption	9.1%	3%	33.3%	24.2%	30.3%
Government purchasing /consumption power	3%	6.1%	27.3%	18.2%	45.5%
International relations with other countries	5.9%	2.9%	17.6%	17.6%	55.9%
Literacy levels of consumers and language	9.4%	9.4%	9.4%	37.5%	34.4%
Customer's taste and preference	2.9%	8.85	8.8%	23.5%	55.9%
Knowledge acquisition and transfer	9.1%	3%	21.2%	27.3%	39.4%
Religion, beliefs, attitude and Values	23.5%	8.8%	20.6%	32.4%	14.7%
Availability of universities and training institutions	11.8%	0	14.7%	38.2%	35.3%

Source: Raw data, (2019)

The study established that a cumulative 94.1% of the respondents were in agreement that taxes, excise duty, exchange rates and interest rates affected internal control processes with 2.9% being in disagreement. Other factors noted to affect internal control processes included available market and access to regional markets (91.2%), infrastructure and power availability (82.3%), availability of quality labor (79.5%), access to capital and financial support (79.4%), innovation and advancement in IT (76.5%), ease of getting certifications/ opening and expanding a business (76.5%), availability of advanced technology (73.5%).

International relations with other countries (73.5%) and crime-free environment and security (70.6%).Yet again it was observed that a cumulative 32.3% of the respondents were of the opinion that religion, beliefs, attitude and values did not affect internal control processes. From this foregoing, the study established that the most prominent factor that affected internal control practices was taxes, excise duty, exchange rates and interest rates. One of the key points of interrogation of this study was the extent to which various aspects affect continuous growth and improvement in multinational corporations. The results obtained from innovation, learning and growth are stipulated on Table 4.5.

Innovation, Learning and Growth

Where (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5) Very large extent

Table 4.5: Factors affecting continuous growth and improvement

Factors	1	2	3	4	5
Infrastructure and Power Availability	12.5%	3.1%	12.5%	25%	46.9%
Access to regional markets	3.1%	6.3%	12.5%	25%	53.1%
Taxes, Exchange rates and Interest rates	3.1%	6.3%	3.1%	21.9%	65.6%
Availability of quality labor	9.7%	9.7%	6.5%	29%	45.2%
Access to capital and financial support	6.5%	9.7%	9.7%	32.3%	41.9%
Consumer's purchasing power	3.3%	3.3%	6.7%	36.7%	50%
Available market segment	0	0	24.1%	27.6%	48.3%
Availability of technical support	13.3%	3.3%	16.7%	30%	36.7%
Innovation and advancement in IT	6.5%	9.7%	9.7%	29%	45.2%
Availability of advanced Technology	6.5%	12.9%	6.5%	22.6%	51.6%
Suitable environmental climate	12.9%	16.1%	12.9%	25.8%	32.3%
Availability of natural resources & quality materials	16.1%	12.9%	16.1%	32.3%	22.6%
Environmental Regulations	13.3%	16.7%	20%	33.3%	16.7%
Regulatory Framework	0	6.7%	20%	26.7%	46.7%
Presence of Industry body	0	12.5%	18.8%	31.3%	37.5%
Political stability	0	6.3%	15.6%	18.8%	59.4%
Ease of getting certifications	3.2%	9.7%	9.7%	25.8%	51.6%
Ease of opening and expanding a business	3.3%	6.7%	10%	23.3%	56.7%
Effective political system and ideologies	3.2%	2.6%	22.6%	12.9%	58.1%
Crime-free environment and Security	6.5%	6.5%	3.2%	25.8%	58.1%
Corruption	3.1%	6.3%	18.8%	28.1%	43.8%
Ability to make investments	0	6.5%	9.7%	35.5%	48.4%
Government purchasing /consumption power	6.5%	9.7%	19.4%	22.6%	41.9%
International relations with other countries	9.7%	9.7%	16.1%	22.6%	41.9%
Literacy levels of consumers and language	9.7%	3.2%	16.1%	45.2%	25.8%
Customer's taste and preference	3.3%	3.3%	6.7%	26.7%	60%
Knowledge acquisition and transfer	10%	3.3%	23.3%	26.7%	36.7%
Religion, beliefs, attitude and Values	22.6%	9.7%	35.5%	16.1%	16.1%
Availability of universities and training institutions	9.7%	9.7%	12.9%	35.5%	32.3%

Source: Researcher, (2019)

A cumulative 87.5% of the respondents felt that taxes, exchange rates and interest rates affected innovations, learning and growth to a large degree. A cumulative 86.7% were in agreement that customer's taste and preference affected innovations, learning and growth to a large extent. Other factors that affected innovations, learning and growth to a great extent included consumer's purchasing power (86.7%), ability to make investments (83.9%), crime-free environment and security (83.9%), access to regional markets (78.1%), political stability (78.2%), available market segment (75.9%), access to capital and financial support (74.2%), innovation and advancement in IT (74.2%), availability of advanced Technology (74.2%), political stability (77.4%) and regulatory framework (73.4%). From this foregoing, the study observed that taxes, exchange rates and interest rates and customer's taste and preference were the most prominent factors that affected innovations, learning and growth of multinational corporations under study.

4.8 Hypothesis Testing

The researcher performed correlation analysis as a measure of that would inform presence of relationships between the various variables. The correlation matrix below in table 4.6 offers the findings of the study.

Table 4.6: Correlation matrix

Item	**Score Performance**	**Macro-Environment**	**Customer Relations**	**Internal Process**	**Innovation, Learning & Growth**
Score performance	1				
Macro-environment	0.705** 0.000	1			
Customer relationship	0.427** 0.012	0.343* 0.044	1		
Internal process	0.601** 0.000	0.441* 0.011	0.643** 0.000	1	
Innovation, learning and growth	0.601** 0.000	0.441* 0.011	0.643** 0.000	1.000** 0.000	1

Source: Researcher, (2019)

From the analysis conducted in the study, it was evident that a strong positive connection lies between organizational performance and the macro-environment and this was supported by 0.705 as correlation coefficient. The relationship was significant at 95% confidence level (p=0.000). A weak and positive connection between customer relationships and performance was realized having a correlation coefficient of 0.427. This relationship was significant at the 95% confidence level (p=0.012). There was a strong positive relationship between internal processes and performance having a correlation coefficient of 0.601. The relationship can therefore be termed as significant at 95% confidence level (p=0.000).

A strong positive relationship was evident when relating innovation, learning and growth with performance bearing a 0.601correlation coefficient. The relationship can be termed as significant at 95% confidence level (p=0.000). From this foregoing, the study established that the most notable relationship was between macro-environment and performance. It can therefore be observed that performance of multinational corporations in Kenya was highly affected by macro-environment factors which are present in the business atmosphere.

The study also employed multiple regression analysis. This defined implications of the connection concerning the independent variable and all the autonomous factors. The investigation responded to a few queries including; how the autonomous factors impact the dependent variable on the whole, to what degree every free factor influences the dependent variable and which are the most critical factors in the model. The reliant variable in this investigation was performance and the macro-environmental factors were the independent variables. The findings of this particular analysis are presented as follows in table 4.7.

Table 4.7: Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768[a]	.591	.547	.54769

Dependent Variable: performance

Predictors: (Constant), innovation, macro environment, customer relations

Source: Researcher, (2019)

As evidenced in table 7, the R = 0.768 value, which was larger than any zero value in the table suggested that the model improved when more variables were incorporated in to the model while investigating the effects of macro-environmental factors on the performance of multinational corporations in Kenya. Additionally, the R square ($r^2 = 0.591$) (coefficient of determination), further showed that the multiple linear regression model could explain for up to 59.1 percent of the variations in the performance of multinational corporations when all the independent variables are combined.

Results of ANOVA test

Table 4.8: The Analysis of Variance

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.115	3	4.038	13.462	.000[b]
	Residual	8.399	28	.300		
	Total	20.514	31			

Dependent Variable: performance
Predictors: (Constant), innovation, macro environment, customer relation

Source: Researcher, (2019)

The ANOVA test results are used to inform the overall predictive power of the model. From Table 4.8 above, it was established that the model adopted in this study was fit for prediction having a p-value of 0.000.

Table 4.9: Coefficients

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.101	1.110		-.091	.928
	macro environment	.468	.122	.519	3.845	.001
	customer relation	.219	.310	.112	.707	.486
	innovation	.294	.163	.300	1.800	.083

a. Dependent Variable: performance

Source: Researcher, (2019)

From the regression analysis, the coefficients indicate the different levels and amounts that each of the independent variables contribute in the model. This in turn informs the effect of each independent variable on the dependent variable in addition to informing the study of the significance of each independent variable in the model. It can therefore be noted that macro-environment was the most significant factor in the model with a coefficient of 0.468 and a p-value of 0.001.

Innovation, growth and learning was the second most significant factor with a coefficient of 0.294 and a p-value of 0.83. Customer relationship was the third most significant factor in the model with coefficient of 0.219 and a p-value of 0.486.This therefore implies that all these factors (macro-environment, customer relationships and innovation, growth and learning) made a notable difference in the performance of multinational corporations in Kenya.

Table 4.10: Excluded variable

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	internal process score	.[b]	.	.	.	.000

Dependent Variable: performance
Predictors in the Model: (Constant), innovation, macro environment, customer relation

Source: Researcher, (2019)

During the multiple linear regression analysis, internal processes as an independent variable was excluded from the final prediction for exhibiting collinearity characteristics as evidenced in Table 10. With a p-value of 0.000 on the collinearity tolerance, the variable was excluded from the final prediction in the model.

4.9 Discussion of Findings

The study established that these organizations just like other companies are affected by the macro environment within which they exist. They therefore do not exist in vacuum and they have the ability to act flexibly and adapt to the environment in which they operate. The findings consequently support the open system theory by Galbraith &Lawler (1993), which denotes that firms must have an active as well as an open adaptive relationship when relating to its external environment.

This states that a fit Open System indeed has a direct correlation with respect to the changes of its external environment. Therefore, the corollary was that if a firm was out of sync with its existing external environs then that particular firm eventually becomes unhealthy and unviable, therefore awareness on the several changes which are taking place in the environ was of necessity since this will eventually bring about the differentiation of successful and unsuccessful organizations. For example a firm which does not understand the consumer needs, taste and preference of the Kenya market might find itself closing shop. Related findings were observed by Ochieng (2014), who concluded that abrupt changes in IT, customer preference and politics are among the substantial environmental factor which highly affects firms in the banking industry and the same was evident with these organizations.

The research also showcased similar findings to that of Adeoye and Elegunde, (2012), in which the macro atmosphere was observed as bearing an influence on organizational performance. Constant monitoring and environmental scanning should be undertaken for firms to have a clear understanding of the current trends and select appropriate strategies \ to gain have an upper hand in gains. In Kenya, it was evident that firms need to take into consideration the cost of a service or product in relation to the purchasing power of the target market. Research was perceived as key to any organization if development and expected performance was to be realized. Therefore firms should embrace research more and ensure that technological advancements are adopted.

The study found that availability of advanced technology was crucial for organizational performance denoted by 51.5%. According to the study this was one of the first five items which greatly influenced performance and the third factor after political stability and effective political system which was at 57.6%. To add to the above, innovation and advancement in IT was at 48.5% while Taxes, Excise Duty, Exchange rates & Interest rates impacted performance at 41.2% and availability of quality labor at 41.2%. Innovation and advancement in IT and availability of advanced technology are among the few factors which have a high impact on performance in every performance indicator as outlined in the balanced scorecard by Kaplan and Norton (1996).

The above was an indicator that the influence of technology as an environmental factor has gained considerable importance. Ndungu (2012), denoted that technological factors bear a high impact on international business transactions but various strategies should be employed to increase productivity and performance and this can only be done via research. The fact that the literacy level of consumers and language influence performance at a lower percentage than innovation and advancement in IT and availability of advanced technology in some areas points out that, the ability of a population to embrace technology and use it was not entirely pegged on the literacy level.

These rapid changes in technology require frequent research with the intention of eventually obtaining a paradigm shift. From the findings we can make conclusions that state that the literacy levels of consumers does not entirely define the ability of the consumer to use a product such as a mobile phone or tablet. However, a study relating to the same can therefore be undertaken to confirm whether a relationship exists between literacy, innovation and advanced technology.

Porter (2016), stated that technological change was a principal driver of competition. The presence multinationals was clear evidence that Kenya has what it takes to attract investors. Factors such as political stability, innovation, consumers’ ability to purchase among others are critical factors which place Kenya at a competitive advantage not only in Africa but globally. It leads the continent in terms of smartphone penetration and internet usage at 83% for those using mobile phone.

The study supported the findings of Krishnan et al, (1999) which found that rapid changes in technology alters the way in which consumers relate to their providers of financial service. Technology was a major environmental factor and embracing it will in turn enable firms to remain competitive now that the global market has become more and more tech-survey. Firms can therefore be able to place strategies relating to technology such as digital marketing among others in order to remain competitive.

Porter, (1990) observed that competitive forces in an organizations environment drive its business strategy, technological advancement and adoption of IT gives the country competitive advantage this was evident by the result in table 4.1 in which advancement in technology and innovation affected firms to an extent of more than 30%.Kenya as a country should also ensure that its population has adequate access to internet and top notch connectivity for the end user.

The study also found that the political environment was among the major influencers of a firms overall performance and this environment affects firms achievement to a great degree irrespective of the sector to which the firm belongs to. This was due to the fact that, the findings were similar to that of Kigera (2016), which stated that the political environment influenced the overall performance in relation to hotel chains. However, Kigera (2016) only analyzed the political aspect excluding the technological and economic factors which are equally important and among the great influencers of performance in relation to the discoveries of the study.

A notable affiliation was found concerning the macro-environment and performance of firms in Kenya. These findings were in tandem with those of Earnhart et al, (2007), which stated that a stable macro environment brings about superior organization performance financially. The study revealed that the political, socio-cultural, technological and economic factors in Kenya affect the performance of an organization be it in relation to the financial aspect or any other aspect of the BSC as denoted by Kaplan and Norton(1992).

The findings indicated that the legal, political, economic and social factors are among the major influencers in the environment and specifically so where political stability and effective political systems are concerned, taxes, excise duty and exchange rates plus understanding the consumer needs and preferences. Therefore great focus should be on environmental indicator as they facilitate the establishment, security, growth and sustainability of investments as stated by Mutua et al (2015).

The study revealed that political stability and an effective political system, affects financials, customer relationship, internal process as well as innovation growth and learning aspects of performance. It also brought to light that the least influential factor within the environment was part of socio-cultural factor dealing with religion, belief, attitude and values. This applied to all aspects of performance excluding customer relationship.

The study established that apart from the political aspect being of major influence in the macro environment, the technological and socio-cultural aspects are also becoming major influencers of performance in the business environment. However these two do not supersede the economic factors especially so where a consumer's purchasing power and taxes, exchange rates and interest rates are concerned.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Macro environmental factors present in international business organizations are those external factors from the host or home country which affect an organization's performance. The motivation behind this research study was to conclude whether the external environment of organizations influence the monetary, social and inner accomplishments of global corporates in Kenya. It was observed that success of these firms was highly reliant on the external environment present.

The macro environment constantly changes from time to time and as a consequence, there was need for additional research to be undertaken frequently to obtain new knowledge highlighting various changing trends. It provides a broader understanding and interpretation of the relationship between the variables at play. The key purpose of the examination was to discover whether the external environ had an impact on the accomplishments of Multinational Corporations (MNC's) in Kenya.

The study adopted a research design which was descriptive and the population comprised of 213 multinational corporations that have operations in Kenya. The sample size had 45 companies selected and enjoined in the study using simple random sampling technique. Primary data was collected using self-administered questionnaires. The data was then analyzed to obtain statistical data which aided in making the necessary conclusions.

5.2 Summary of findings

From the correlation analysis of the data collected, the findings concluded that there exist a relationship which was strong and positive between performance and the macro-environment. This relationship was significant. There was a weak but positive relationship between customer relationships and performance, a relationship that was also significant. A strong positive relationship was also visible between internal processes and performance which was also significant.

The relationship between innovation, learning and growth and performance, was also perceived to be one which was strong and positive and therefor significant. From the findings we observe that the performance of multinational corporations has a positive significant relationship with factors within the macro-environment. The relationship was in most of the cases strong. However, the relationship between customer relationships and performance was weak.

From this, the study established that the most notable relationship was between macro-environment and performance. It can therefore be observed that performance of multinational corporations in Kenya was highly affected by macro-environment factors in the business environment. Relationships established in this study being strong and positive imply that while there was improvement in the macro-environment factors, multinational corporations realize positive changes in their performance. The outcomes are in line with the findings of Earnhart et al, (2007) in their descriptive study who strongly depicted that an improved environmental performance results in profitability by decreasing costs more than revenue; stating that a stable macro environment brings about superior organization performance financially.

In the same vein, when customer relationships improve, positive performance was realized by the multinational corporations. When there are positive changes in the internal processes of the companies, multinational corporations are poised to realize positive changes in their performance. Additionally, the findings of this study suggest that when there are innovations, learning and growth, multinational corporations are bound to realize positive changes in their performance. The propositions arising from the findings of this study are supported by the empirical study on manufacturing SMEs in Rwanda by Eugenie et al (2016) which confirmed that SMEs should focus on ensuring that their knowledge resources are skewed into the advancement of new items, procedures and markets to improve business execution

These initial findings are further supported by the results from the regression analysis. It was found out that macro-environment, innovation, learning and growth and customer relationships were significant factors influencing performance of multinational corporations in Kenya. It was found out that macro-environment was the most significant factor in the model with 0.468 and 0.001 as the coefficient and a p-value respectively.

This therefore gives the implication that with a friendly and favorable macro-environment, multinational corporations were bound to realize positive changes in their performance. The findings of the study were in tandem with that of Adeoye and Elegunde (2012), in their survey on how the External Business Environment Impacts Organizational Performance in the Food and Beverage Industry in Nigeria. Their proposition revealed the macro atmosphere has an influence on organizational performance.

Innovation, growth and learning were the second most significant factor in the analysis with a coefficient and p-value of 0.294 and 0.83 respectively. In this regard, it can be deduced that innovations, learning and growth positively influence the performance of corporations. The findings of this study relate to those of Krishnan et al, (1999) who found out that rapid changes in technology alters the way in which consumers relate to their providers of financial service. In this regard, the authors cautioned that firms dealing with such services need to embrace technology to remain competitive now that the global market becomes more and more tech-survey. These rapid changes in technology require frequent and sustained research.

Customer relationship was the third most significant factor in the model with coefficient of 0.219 and a p-value of 0.486. These results corroborate the results from the correlation analysis which indicated that customer relationships were weaker influencing factors in the model. The study excluded internal processes from the factors that affect performance of multinational corporations since the variable exhibited characteristics of collinearity. With a p-value of 0.000 on the collinearity tolerance, the variable was excluded from the final prediction in the model. In general, this therefore implies that all these factors (macro-environment, customer relationships and innovation, growth and learning) make a notable positive difference in the performance of multinational corporations in Kenya.

5.3 Conclusion

The examination echoed the existence of solid positive relationships amongst the external environment and the achievement of organizations which are present in Kenya. This relationship was therefore significant. It was additionally noticed that the external environ factors were the most enormous influencers of the success of global organizations in Kenya.

Political stability and the effect of political system were observed to be a great influencer when it comes to the political environment in a country. This therefore meant that corporations look into the political environment first and how it affects their business transactions thus affecting the organizational performance as a whole. Another area of importance was crime as a factor affecting corporations as well as performance.

Technology was also perceived as a vital factor for corporations to take into consideration as they form their strategic plans. This was specifically so as far as the availability of advanced technology was concerned. Conclusions can also be drawn to the fact that innovation and IT advancement was increasingly becoming crucial for organization. Firms should therefor take these factors into consideration when drafting their strategies and during the preparation of their strategic tools. The conclusions are also in line with those of other scholars such as Ndungu (2012), who echoed that technological factors have a high effect on international business exchanges and this was evidently so as indicated in the study.

To add to the above, cyber-crime control, data protection and cyber security laws were also among the top influencers of corporations as stipulate in table 4.1. This shows just how crucial technology has become in the macro environment as compared to other factors. Governments and policy makers should ensure that proper policies and strategies are placed to ensure that consumers' data is safe as this also impacts on security as much as organizations would like to engage in numerous exercises that enable them to know more about their customers.

Countries therefore should establish laws and policies governing cyber security, and these should make certain that prompt actions are undertaken. Even if a nation was yet to make technological progresses, they need to benchmark and place proper guidelines. Kenya was perceived to embrace technology at a higher rate with the Generation Alpha being more advanced yet the older generations might have no idea of how to place parental guidance on devices as far as internet access was concerned.

Another influencer of the macro environment which was among the first five factors that were vital for organizations was taxes, excise duty, exchange rates and interest rates. These form part of the economic environment. These factors also pose an influence in performance especially when looking at the financial aspect of it and this influence can either be negative or positive.

In conclusion, the study has answered the research question on whether the macro environment influences an organization's performance. It shows a strong positive relationship between performance and the macro environment. Firms should therefore take these factors into great consideration when setting up base in another country and forming policies and strategies related to them. Governments should also ensure that issues pertaining to the external environment should be looked into.

5.4 Recommendations and implication of the study

The research study made the below recommendations:

Multinational corporations in Kenya should adopt constant and constructive monitoring and environmental scanning so as to gain a clear comprehension of the current and emerging environment trends and select appropriate strategies to gain competitive advantage.

Multinational corporations should ensure that they embrace sustained and in depth research in to new technological innovations that are applicable under the Kenyan environment, harness, consolidate and disseminate knowledge through constant training and grow through diverse investment strategies as this assured them of improved performance in general.

The keen consideration made by firms on technological issues, has made available valuable insights to governments besides policy makers on the essence of providing an enabling business environment. This enables Kenya to reap fully economically and in a holistic manner bearing in mind the turbulent business environment present. The ability to lay friendly policies which are in line with investors' areas of concern, will attract more trading opportunities while at the same time protecting regional interest. The study has also facilitated strategy to other developing countries in laying business- friendly policies.

To add to the above, the study was seminal to scholars undertaking research on various aspects of the international business environment and performance thus acting as a reference tool. The body of knowledge was also enriched as the study explores to challenge the different theories and ideologies applied and form a basis for discussion and facilitate hypothesis testing in relation to the influence of macro surroundings on performance of Multinationals in Kenya. This study cut across all sectors of the economy and the findings have showcased the similarity of the factors which affect firms regardless of the sector to which they belong.

Firms are be able to constructively lobby for change and fully participate in different call for actions regarding various environmental factors regardless of the sector they are in and influence the business environment concerning operations of MNCs in Kenya. Global competitive firms are able to embrace relevant strategies that aid them map out their advancement paths leading to success. These strategies can only be placed appropriately if nations undertake similar research studies to facilitate competitive advantage. It was therefore paramount to undertake research more frequently in order to provide the frequently changing trends present in the environment.

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APPENDICES

Appendix I: Research Questionnaire

Instructions: Please complete the following questionnaire appropriately. Data collected in this survey is intended for academic purposes only and will be used in partial fulfillment of a Masters Degree. **Confidentiality:** The responses you provide will be strictly confidential. No reference will be made to any individual(s) in the report of the study.

Please tick or answer appropriately for each of the Questions provided.

PART A: BACKGROUND INFORMATION

1. Name of Company ………………………………………………………..

2. Where is the company headquarters based? ……………………………………

3. What position do you hold in the organization?
   Supervisor [ ] Assistant Manger [ ] Manger [ ] General Manager [ ]

4. How long have your worked in the corporation?
   0-5 Years [ ] 6-10 Years [ ] 11-15 Years [ ] Over 15 years [ ]

5. Tick only one appropriate industry/sector for your organization.
   Agricultural [ ] Banking/Financial Services [ ] Consumer Goods [ ]
   Telecom [ ] Food processing & Beverage [ ] Pharmaceuticals [ ]
   Manufacturing [ ] Transport/Motor Vehicles [ ] Tourism/Hospitality [ ]

6. Please indicate how many years the organization has operated in Kenya.
   0-5 Years [ ] 6-10 Years [ ] 11-15 Years [ ] Over 15 years [ ]

PART B: MACRO ENVIRONMENT

i.) Please indicate, by ticking (√), the extent to which your organization is affected by the following aspects of the business environment in Kenya.

Use a 5 point scale in which (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5)Very large extent

ITEM	(1)	(2)	(3)	(4)	(5)
Infrastructure and availability of electricity					
Taxes, Excise Duty, Exchange rates & Interest rates					
Availability of quality labour					
Access to capital and financial support					
Consumer’s purchasing power					
Available market & access to regional markets					
Availability of technical support					
Presence of innovation and advancement in IT					
Availability of advanced Technology					
Availability of natural resources					
Environmental Regulations					
Regulatory Framework (s)					
Presence of a regulatory body					
Political stability, effective political system					
Ease of obtaining licenses to open and expand business					
Crime-free environment and Security					
Corruption					
Access to investment opportunities					
International relations with other countries					
Language used to advertise and market the product					
Availability of quality materials					
Understanding consumer needs, taste and preference					
Knowledge acquisition and transfer					
Religion, beliefs, attitude and Values					
Cyber-crime control, data protection and cyber security laws					

PART C: ORGANIZATION PERFORMANCE

FINANCIAL

i.) Please indicate, by ticking (√), the extent to which your organization's financial performance is affected by the following aspects of the business environment in Kenya. Use a 5 point scale in which (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5)Very large extent

ITEM	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
Infrastructure and Power Availability					
Taxes, Excise Duty, Exchange rates & Interest rates					
Availability of quality labour					
Access to capital and financial support					
Consumer's purchasing power					
Available market & access to regional markets					
Availability of technical support					
Innovation and advancement in IT					
Availability of advanced Technology					
Availability of natural resources & quality materials					
Environmental Regulations					
Regulatory Framework (s)					
Presence of an Industry body					
Political stability, effective political system					
Ease of opening and expanding a business					
Crime-free environment and Security					
Corruption					
Access to investment opportunities					
Government purchasing /consumption power					
International relations with other countries					
Literacy levels of consumers and language					
Customer's taste and preference					
Knowledge acquisition and transfer					
Religion, beliefs, attitude and Values					

CUSTOMER RELATIONSHIP

ii.)To what extent do you agree with the following statements?

ITEM	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
The political environment affects the delivery of goods and services to consumers.					
Customer attraction is achieved when we use the consumer’s preferred language.					
Procedures, rules and regulations enable us to serve customers better and satisfactorily.					
A good understanding of a consumer’s culture can result to attraction and retention of customers					
The organization can achieve it’s target if a customer has the financial ability to purchase goods/service.					
How we manage our office and put in place environmental measure greatly affects a consumer perception of the firm					
Advanced technology enables the organization to develop the best products/services for customer					
An eco-friendly product or presence greatly affects a consumers perception of the firm					

INTERNAL PROCESSES

iii.) To what extent do you agree with the effect of the following factors to your organization?

ITEM	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Infrastructure and Power Availability					
Taxes, Excise Duty, Exchange rates & Interest rates					
Availability of quality labour					
Access to capital and financial support					
Consumer’s purchasing power					
Available market & access to regional markets					
Availability of technical support					
Innovation and advancement in IT					
Availability of advanced Technology					
Availability of natural resources & quality materials					
Environmental Regulations & Regulatory Framework					
Presence of an Industry body					
Political stability, political system and ideologies					
Ease of getting certifications/ opening and expanding a business					
Crime-free environment and Security					
Corruption					
Government purchasing /consumption power					
International relations with other countries					
Literacy levels of consumers and language					
Customer’s taste and preference					
Knowledge acquisition and transfer					
Religion, beliefs, attitude and Values					
Availability of universities and training institutions					

INNOVATION, LEARNING & GROWTH

iv.) Please indicate, by ticking (√), the extent to which the following aspects affect continuous growth and improvement in your organization. Use a 5 point scale in which: (1) Not at all (2) To a small extent (3) To a moderate extent (4) To a large extent (5) Very large extent

ITEM	(1)	(2)	(3)	(4)	(5)
Infrastructure and Power Availability					
Access to regional markets					
Taxes, Exchange rates and Interest rates					
Availability of quality labor					
Access to capital and financial support					
Consumer's purchasing power					
Available market segment					
Availability of technical support					
Innovation and advancement in IT					
Availability of advanced Technology					
Suitable environmental climate					
Availability of natural resources & quality materials					
Environmental Regulations					
Regulatory Framework					
Presence of Industry body					
Political stability					
Ease of getting certifications					
Ease of opening and expanding a business					
Effective political system and ideologies					
Crime-free environment and Security					
Corruption					
Ability to make investments					
Government purchasing /consumption power					
International relations with other countries					
Literacy levels of consumers and language					
Customer's taste and preference					
Knowledge acquisition and transfer					
Religion, beliefs, attitude and Values					
Availability of universities and training institutions					

Thank you for taking your time to respond.

Appendix II: List of Multinational Corporations in Kenya

NO.	COMPANY	COUNTRY
1	Tiomin Resources Inc	Canada
2	Bata Shoes Co (K) Ltd	Canada
3	China Road & Bridge Corporation	China
4	Sietco Development Corp	China
5	China Overseas Engineering Corp	China
6	Chinese Technical Cooperation	China
7	China Jiangsu International Economic-Technical Cooperation Corporation	China
8	China National Aero-Technology Import –Export Corp	China
9	Sinotaco	China
10	D.T. Dobie (Kenya)	France
11	Peugeot Kenya	France
12	Total Kenya ltd	France
13	Henkel Kenya Ltd	Germany
14	Schenker Ltd	Germany
15	BASF	Germany
16	Bayer East Africa Ltd	Germany
17	Pfizer Laboratories Ltd	Germany
18	Siemens	Germany
19	Air India	India
20	Bank of Baroda	India
21	Praj Industries Ltd	India
22	Kenindia Assurance company ltd	India
23	Bruce Trucks Ltd – Iveco trucks	India
24	CMC (Maruti)	India
25	Marshalls EA (Tata)	India
26	Kingsway Motors (Eicher)	India
27	Orient Paper Mills (Pan African Paper Mills)	India
28	Cadila Pharmaceuticals ltd	India
29	UB Pharma ltd	India
30	Manugraph Kenya Ltd	India
31	Lakshmi Textiles Exports ltd	India
32	Chimaco East Africa (agents for Enichem)	Italy
33	Kirdam Consortium	Italy
34	Technogym	Italy
35	New Holland – Fiat Spa	Italy
36	Auto Italia / Car & General (agents for Alfa Romeo &Piaggio)	Italy
37	Kenya Motors (agents for IVECO)	Italy
38	Framin Kenya Ltd (agents for Farmitalia)	Italy

Appendix II: Cont. ……..

NO.	COMPANY	COUNTRY
39	Fila East Africa	Italy
40	Pirelli Tyre	Italy
41	Construction Project Consultants	Japan
42	Overseas Courier Company	Japan
43	Japan African Culture Interchange Institute	Japan
44	Matsushita Electric Industrial	Japan
45	Sanyo Armco	Japan
46	Nec Corporation	Japan
47	Kenya Tenri Society	Japan
48	Japan External trade Corporation	Japan
49	Kajima Corporation	Japan
50	Nippon Koei Ltd	Japan
51	Nissho Iwai Corporation	Japan
52	Japanesse International Cooperation Agency (JICA)	Japan
53	Escape Ltd	Japan
54	Metameta Office	Japan
55	Asahi Shimbun Nairobi Bureau	Japan
56	Kyodo News Services	Japan
57	Nissan (KVA)	Japan
58	Asami Motor Services	Japan
59	Mitsubishi Corporation (Rep Office)	Japan
60	Toyota Kenya	Japan
61	Falcon Travel services	Japan
62	Itochu Corporation	Japan
63	Osaka Motors Company	Japan
64	Chiyo& Company	Japan
65	Sumitomo Corporation	Japan
66	Mitsui & Co ltd	Japan
67	LG	Korea
68	Samsung	Korea
69	Hwan Sung Industries (Kenya) Ltd	Korea
70	Safari Park Hotel	Korea
71	Daewoo Corporation	Korea
72	Hyundai Corporation	Korea
73	Regina Seeds	Netherlands
74	KLM Royal Dutch Airlines	Netherlands
75	SDV Transami	Netherlands
76	Grabowsky&Poort (Arcadis)	Netherlands
77	TNT Express Worldwide	Netherlands

Appendix II: Cont. ……..

NO.	COMPANY	COUNTRY
78	Happy Cow Limited	Netherlands
79	Philip Medical Systems	Netherlands
80	Anova Food BV	Netherlands
81	Sher Flowers	Netherlands
82	Procter & Gamble	Netherlands
83	Anova East Africa (ANEA)	Netherlands
84	Groundwater Survey (Kenya) Ltd	Netherlands
85	Fourteen Flowers	Netherlands
86	Indu Farm EPZ Ltd	Netherlands
87	Fairview Hotel	Netherlands
88	SERA Software East Africa	Netherlands
89	Logistic Container Centre	Netherlands
90	Dreamcoat Automotive Refinishing Products Ltd	Netherlands
91	Airlink Ltd	Netherlands
92	Van Leer East Africa Ltd	Netherlands
93	Kenya Shell & BP	Netherlands
94	WEC lines Ltd	Netherlands
95	Martinair Holland BV P & O Nedlloyd	Netherlands
96	Christchurch Holdings	Netherlands
97	Jet Travel Ltd	Netherlands
98	Scala (EA) Ltd	Sweden
99	Skanska	Sweden
100	Technical engineering ltd	Sweden
101	EARS group Kenya	Sweden
102	Sandvik (Kenya)	Sweden
103	Riverdell Gardens	Sweden
104	Tetra Pak Ltd	Sweden
105	Atlas Copco	Sweden
106	SKF (Kenya) Ltd	Sweden
107	Photomap (Kenya) ltd	Sweden
108	Kenya Grange Vehicle Industries	Sweden
109	Alfa Laval Regional Office	Sweden
110	Tour Africa Safaris	Sweden
111	Ulf Ashcan Safaris	Sweden
112	Water & Drilling Consultancy Ltd	Sweden
113	Yellow Wing Air Services Ltd	Switzerland
114	Airside Ltd	Switzerland

Appendix II: Cont. ……..

NO.	COMPANY	COUNTRY
115	Express Kenya	Switzerland
116	International Cementia	Switzerland
117	Andre Promotion & Consulting Co. Ltd	Switzerland
118	SGS Kenya Ltd	Switzerland
119	African Safari Club	Switzerland
120	Heritage AII Insurance Ltd	Switzerland
121	Schindler	Switzerland
122	Roche Products	Switzerland
123	Ciba Geigy	Switzerland
124	ABB Asea Brown Boveri Ltd	Switzerland
125	Nestle	Switzerland
126	Texchem Ltd	Switzerland
127	Pollmans Tours	Switzerland
128	Private Safaris	Switzerland
129	Baobab Farm Ltd	Switzerland
130	African Highland Produce Co Ltd	UK
131	George Williamson	UK
132	Rea Vipingo Plantations	UK
133	Ernst & Young	UK
134	Deloitte & Touché	UK
135	KPMG Peat Marwick	UK
136	Pricewaterhouse Coopers	UK
137	British Airways	UK
138	Barclays Bank (K) Ltd	UK
139	Standard Chartered	UK
140	Bee Health Propolis Ltd	UK
141	Cadbury Kenya	UK
142	Guinness PLC	UK
143	Chloride Exide	UK
144	World Cargo	UK
145	La Farge Cement UK (East Africa Portland Cement	UK
146	Coates Bros (EA)	UK
147	Elgon Chemicals Ltd	UK
148	Eastern Produce Kenya	UK
149	Wilken Communications Ltd	UK
150	Watson Wyatt Worldwide Actuaries	UK
151	BracklaNodor Ltd	UK
152	Otis Elevators	UK

Appendix II: Cont. ……..

NO.	COMPANY	COUNTRY
153	African Consulting Engineering	UK
154	Knight Frank	UK
155	Vitafoam	UK
156	Silentnight	UK
157	Securicor	UK
158	Barker & Barton (K) Ltd	UK
159	Intercontinental Hotels	UK
160	Nairobi Hilton Hotel	UK
161	BOC Kenya Limited	UK
162	Minet ICDC Insurance Brokers	UK
163	Baumann (K) Ltd	UK
164	Chancery	UK
165	Commonwealth Development Cooperation	UK
166	ICL Kenya	UK
167	Next Technology	UK
168	British Broadcasting Corporation	UK
169	Reuters	UK
170	CarnaudMetalbox Kenya Ltd	UK
171	British Leyland	UK
172	Gestetner	UK
173	Berger Paints	UK
174	Crown Paints	UK
175	Rentokil Ltd	UK
176	Avery Kenya Ltd	UK
177	Shell-British Petroleum	UK
178	GlaxoSmithkline Beecham (GSK)	UK
179	Bonar EA ltd	UK
180	Sollatek electronics	UK
181	Church Orr & Associates	UK
182	Bacho United Printers	UK
183	Booker Tate	UK
184	Ryden International	UK
185	Dunlop Kenya	UK
186	Sir Isaac Pitman	UK
187	De La Rue	UK
188	Inchcape Shipping Services	UK
189	Mackenzie Maritme Ltd	UK
190	Kenya Supply & Logistics	UK

Appendix II: Cont. ……..

NO.	COMPANY	COUNTRY
191	Magadi Soda	UK
192	BP Solar	UK
193	Stem cor Kenya	UK
194	Vodafone (Safaricom)	UK
195	British American Tobacco	UK
196	Cussons & Co Ltd	UK
197	Rectitt Benkiser	UK
198	Abercrombie & Kent Tours Ltd	UK
199	Thomas Cook Group Ltd	UK
200	Blackwood Hodge	UK
201	Unilever E.A.	UK
202	Tibett & Britten Kenya	UK
203	Fresh Del Monte	USA
204	The Wrigley Company (EA) Ltd	USA
205	DHL	USA
206	IBM	USA
207	Microsoft	USA
208	Caltex Oil (Kenya) Ltd	USA
209	Mobil Oil Kenya ltd	USA
210	Coca Cola	USA
211	Colgate Palmolive	USA
212	Firestone East Africa	USA
213	General Motors	USA

Source: Kenya bureau of Statistics/Economic Survey (2007, 2017) and Kenya Association of Manufacturers (2011)