AN ANALYSIS OF THE INTERNATIONALIZATION PROCESS OF LARGE MANUFACTURING FIRMS IN KENYA

ROSEMARY WANDIA KALII

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE IN MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

NOVEMBER 2021

DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

Signed: Date: **24/11/2021**

ROSEMARY WANDIA KALII

D61/10404/2018

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

Signed: Date: **24/11/2021**

DR. VICTOR NDAMBUKI

Department of Business Administration

Faculty of Business and Management Sciences

University of Nairobi

ACKNOWLEDGEMENT

I recognize the support provided by my supervisor Dr. Victor Ndambuki and for the constructive critique and recommendations in developing this project. Acknowledging those who have helped me get this far in the academic journey is also a big part of my gratitude. As a last thank you, I'd want to appreciate the other students and professors at the University of Nairobi, from whom I've gleaned so much information.

DEDICATION

For their encouragement, I've dedicated this project to my family. It has taken you a long time to get used to my absence from your lives. My studies required that I spend time away from you.

TABLE OF CONTENTS

LIST OF TABLES

ABREVIATIONS AND ACRONYMS

FDI	Foreign Direct Investments
FMCG	First Moving Consumer Goods
GDP	Gross Domestic Product
KAM	Kenya Association of Manufacturers
MNE	Multinational Enterprise
ROA	Return on Assets
SMEs	Small and Medium Enterprises
TMT	Top Management Team

ABSTRACT

Increased internationalization of market activities has resulted from the ongoing integration and convergence of world economies. The competitiveness of Kenya's manufacturing sector is a top priority because of its role in the country's economic growth. According to experts, Kenya's manufacturing sector is expected to play an important role in the country's economic development, but little is known about how these businesses use competitive tactics. The objective of this study was to analyse the internationalization process of large manufacturing firms in Kenya. The current study embraced the use of experimental research design. The target population for the current study was the 118 large scale manufacturing firms that have internationalized their operations and licensed by KAM as of 2020. The analysis unit was the Kenyan large-scale manufacturing companies that have internationalized while the unit of observation was export liaison officer of each respective company. Primary data was fully relied upon and the collecting of the data was via structured questionnaires. Descriptive analysis which involves computation of mean, mode, median, standard deviation, and percentages were carried out to determine frequencies and percentage distributions. The researcher also used factor analysis a technique. The results indicated that the large manufacturing firms do indeed practice internationalization process through export mode contractual entry mode and investment entry mode. From the study findings the study recommends that the management of firms in Kenya and especially those in the manufacturing firms should adopt strategies that will allow them to move to the internationalization process. The study also recommends that the management of firms in the manufacturing sector as well as in other sectors that are seeking to expand to the international market should formulate polices and guidelines that will lead the firms towards the internationalization process.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The term "internationalization" refers to a company's operations that extend outside its home country's borders or are primarily conducted outside of it. Operation of such firm is local as well as international market. This type of company will operate in both domestic and foreign markets. It is synonymous with a business's international expansion, which may include any type of business operation carried out internationally or in foreign partner collaboration (Wach, 2014). In accordance with Johanson and Mattsson (2015), corporation internationalization (irrespective of the technique used to carry out this process) entails acquiring cash, hiring a qualified manager, selecting a suitable product bid, evaluating the target market (foreign market analysis), and finally entry foreign market (electioneering, sales, promotion) and establishing activities (procurement, after-sales service, payments recognition, sold goods accountability, team employees ,group intercultural communication). Each company comes up with its individual internationalization tactic, while in conjunction with that approach, it ought to posess a collection of critical internationalization process factors, each with its own degree of importance.

This study will be anchored on internationalization process theory and internalization theory. Johanson and Wiedersheim-Paul (1975) as well as Johanson and Vahlne (1977) suggested the internationalization process theory, which notes that internationalization is a staged process in which companies advance from early to late internationalization stages. The internationalization stages were defined by the organization's resource commitments, with the first stage identifying the lowest resource commitment and the last stage defining the highest resource commitment. Internalization theory by Buckley and Casson (1976) demonstrates the rise of multinational corporations (MNCs) and the motives behind countries pursue foreign direct investment (FDI). In case a company hires a subcontractor, the subcontractor may utilize technology in competing with the agency firm through contract interruption or spoiling the company's brand image.

In the last ten years, Kenya's manufacturing sector has experienced tremendous growth, and firms have substantially enhanced their presence in the Eastern Africa region thanks to FDIs. Over the same time span, Kenya's manufacturing industry has invested in automation, shifting away from conventional methods to better address their customers' increasingly diverse needs and internationalization problems. Based on inspirations of Vision 2030, pivotal role of manufacturing companies as driver of economic development if internationalization is embraced effectively should be fully realized (Otieno, Bwisa, Kihoro, 2012). Kenya being a developing economy, large-scale manufacturing firms have to adopt effective internationalization processes to optimize benefits associated with foreign market. Moreover, discovery of new markets would demand increased production which will aid in minimization of unemployment gaps, which is consistent with aspirations of Vision 2030 of Kenya.

1.1.1 Internationalization Process

This pertains to a company's steady development of its activities in overseas markets, as well as its engagement in global operations and the operation of a corporation (structure, strategy, and resources) in international contexts (Uppsala University Press, 2012). The term is described by Marinov and Marinova (2011) as procedure of finding foreign market openings by expanding one's business. To put it another way, internationalization entails establishing a presence in many countries. Internationalization, as per Johanson and Vahlne (1977), is a firm's attitude toward overseas activities or its existing activities abroad.

Internationalization offers new prospects. Internationalization, in accordance with Onkelinx, Manolova, and Edelman (2016), provides small businesses with strategic as well as operational advantages, those from nations with small local market, in particular. This is due to the increased demand for their goods and the desire to use international technologies. The firm will benefit from professional and knowledgeable human resources because of its ability to tap into foreign human capital. While internationalization reduces a company's chances of survival at first, it also provides opportunities for growth and learning about how to improve (Sapienza, Autio, George, & Zahra, 2006).

Johanson and Vahlne (1977) operationalizes internationalization process into three distinct types namely product-market driven, input-market driven and human resource driven. Internationalization is viewed as an export-related learning mechanism in the product-market oriented model, with experiential foreign market experience as the guiding – or impeding – factor. It is possible for a corporation to provide a foreign market through exporting, undertaking outbound foreign direct investment, or establishing trade support networks to extend its business activities in other countries, this is known as product market-based internationalization (Aggarwal, 2017).

Manufacturing plants may import raw materials, inputs, and capital goods via outward foreign direct investment (FDI), which is depicted as an import-related phenomena in terms of internationalization driven by the input market (Aggarwal, 2017). A company may also enter into a technology licensing agreement through a foreign company to gain admission to the latter's technologies, or go the achievement route to acquire abroad technology as well as skills. In terms of employees, a company's internationalization activity extends beyond national borders, despite the fact that human resources are a company's only active assets. Human resources refers to the entirety of an organization's assets, including experience, abilities, skills, imagination, motivation, and energy, all of which are needed to achieve company objectives (Raleti-Jotanovi et al., 2015).

1.1.2 Large Manufacturing Firms in Kenya

The manufacturing sector in Kenya is divided into three sizes: small, medium, and large. There are 1010 companies included in Kenya's big manufacturing enterprises database, according to the Kenya Association for Manufacturing (KAM) (2020). More than 100 people might be employed by each of these businesses. Kenya's manufacturing industry is important because it contributes significantly to the country's economic growth. About 20% of the Gross Domestic Product is expected to come from this industry (GDP). The sector is a critical vision 2030 economic pillar, which aims to transform the state to a middle-income nation by 2030. According to Were, Willem, and Wainaina (2017), Kenya could double its manufacturing production to meet the régime's five year 10-percent-of-GDP goal, as outlined in the Vision 2030 growth blueprint.

The Kenyan economy is dominated by large manufacturing companies. They close savings, investment, as well as income revenue gaps while incorporating sophisticated technical knowledge that Kenyans want and need. Furthermore, they participate in corporate social responsibility programs that aid in the empowerment of local communities in the areas of education, wellness, and environmental protection. Kenya is the second most favoured destination for major manufacturing companies looking to expand their operations, in relation to the Consumer insight report (2017). Kenya came in second with a score of 23.17 percent, trailing Nigeria with a score of 29.57 percent. Kenya came in fifth place globally, behind Saudi Arabia, Vietnam, and Argentina, with a ranking of 24.69 percent. The percentages are 24.72 percent and 24.72 percent, respectively (KAM, 2018).

The 2018 Manufacturing Priority Agenda highlights activities that may be taken to improve the local manufacturing sector's competitiveness and position it more favorably in the global marketplace. A larger market for other agricultural products, such as manufactured goods, may be gained through growing the manufacturing sector. " Expanding this industry also has the added advantage of lowering imports, which helps to improve balance of payment issues. As the manufacturing industry expands, more jobs will be created. The beneficial impact of manufacturing on the economy is almost infinite. The most important point is that industrial expansion is widely seen to be a worthwhile goal. This may have been a factor in the rise of manufacturing as a strategy in many developing nations, and Kenya is no exception. As a result of these calls, executives of significant manufacturing enterprises in Kenya and abroad must devise internationalization plans that will allow them to maintain their relevance.

1.2 Research Problem

Increased internationalization of market activities has resulted from the ongoing integration and convergence of world economies. The obstacles to globalization have begun to drop down, resulting in significant internationalization of manufacturing as well as marketing operations (Rutashobya & Jaensson, 2006). Internationalization is primarily a subset of globalization, and it has resulted in the economic unification of several nations. Internationalization is anticipated to witness high growth as the global economy continues to integrate, with increased reductions in barriers imposed by government as well as technological advancements (Lu & Beamish, 2001).

The competitiveness of Kenya's manufacturing sector is a top priority because of the industry's role in the country's overall economy. Few details are available regarding the competitive tactics used by Kenya's manufacturing enterprises, which are expected to play a significant role in the country's economic development. Growth in Kenya's manufacturing sector is worth pursuing because of its role in creating jobs and alleviating poverty in the nation. An internationalization process may be used to ensure that enterprises stay relevant both domestically and globally, which in turn can lead to increased competitiveness and efficiency, ultimately resulting in greater profitability.

Many literatures, according to studies, have concentrated primarily on the motivations as well as factors that push businesses operations to internationalize, while paying little attention to the internationalization process. Mwangi (2018) investigated the country's commercial banks' internationalization. The conclusions established that commercial banks entered foreign markets in search of growth opportunities, diversify political and financial risks and gain from economies of scale. The effect of entering foreign markets approaches on the bottom line of multinational firms in Kenya was studied by Arasa and Gideon (2015) and Nyaga (2014). Musuva et al. (2013) investigated the effect of skills on the success and internationalization of Kenyan listed companies. Mandrinos (2014) conducted research into the country-specific factors which influence FMCG internationalization process. From the foregoing, despite the fact that the area has many previous researches, they have not analyzed the internationalization process among large manufacturing firms in Kenya, the current study concentration. The current research sought to answer the research question; how is the internationalization process of large Kenyan manufacturing companies?

1.3 Research Objective

The objective of this study was to analyze the internationalization process of large manufacturing firms in Kenya.

1.4 Value of the Study

The study would also contribute to the already existing theories on internationalization. The researcher would highlight the findings and make recommendations which if adopted would add value and inform other areas that may not have been touched regarding internationalization process. Moreover, the study would form a basis for future scholars who would use the findings and recommendations for further studies to conduct their own research in this field. They may use the findings to form the basis for their empirical literature and also to compare and contrast their findings.

The study discoveries would provide new insights to administration of large manufacturing firms in Kenya and beyond thus expanded framework of making viable internationalization decisions. Management and employees of these firms will intensify their understanding on contribution of internationalization process and make informed decisions.

The study results may be valuable to policy makers who will understand how manufacturing firms undertake internationalization process. They can therefore use the findings to formulate policies regarding the best practices in the internationalization process that will lead to Kenyan large-scale companies' better performance and other firms in general.

CHAPTER TWO

LITERATRE REVIEW

2.1 Introduction

Provided in this chapter is a discussion of the previous literature which is in line with the research purpose. The chapter will discuss the theories that explain internationalization process and also provide a review of empirical studies. Finally, a literature review summary will be provided.

2.2 Theoretical Foundations

The study was based on the internationalization process theory, internalization theory and comparative advantage theory. These theories were used to explain the study constructs and how they relate.

2.2.1 Internationalization Process Theory

Johanson and Vahlne (1977) proposed this theory, which notes that internationalization is a staged phase in which companies advance from early to late stages of internationalization. The stages of internationalization were determined by the organization's resource commitments, with the first stage being identified by the lowest resource commitment while the last stage being defined by the largest resource commitment. As a result, phases of internationalization ranged from no export operation to establishing a subsidiary in a target market.

According to the Internationalization Process Theory, companies progressed from one stage to the next as they acquired a better understanding of their export markets. Increased awareness of international business promotes higher levels of internationalization through reducing the psychological gap between domestic as well as host countries. Incremental internationalization process theory is based on information as well as experience (Andersen, 1993), and it integrates a number of related strategies of identical explanatory capacity. With a modest, defined geographic market number in mind, both Uppsala and innovation-related internationalization models recommend that firms begin their internationalization process gradually and incrementally (Andersen, 1993).

The prevailing paradigms in internationalization process analysis, according to Zahra (2005), are incremental internationalization, intensified early cross-border interactions, and incremental internationalization. The gradualist approach to internationalization has been criticized. Because the world has changed dramatically since conventional internationalization theories were established, businesses have been forced to accelerate their foreign market entry processes on a regular basis. Increasing globalization in many sectors may lessen the perceived risk of accessing new markets abroad, which helps to explain why the rate of internationalization has increased. Apart from technological advancements, the emergence of a growing number of individuals with international business expertise has laid new groundwork for multinational corporations (Oviatt & McDougall, 1994). Internationalization process theory was found to be important for the purposes of this study since it provides a theoretical basis for understanding how businesses track the internationalization stage-by-stage progress.

2.2.2 Internalization Theory

Buckley and Casson (1976) introduced this theory, which was subsequently adopted by Hennart (1982). Coase (1937) developed this theory in a national context, and Hymer (1976) developed it in an international context. Hymer (1976) identified two main FDI determinants. The first was the advantage that certain companies had in a specific operation, and the second was the elimination of rivalry. According to Buckley and Casson (1976), transnational corporations coordinate their internal operations to take advantage of unique strengths. The Theory demonstrates why businesses would rather sign a contract with a subcontractor in a foreign nation than invest in that country themselves.

Internalization theory is based on the idea that transnational corporations organize their operations internally to gain unique advantages which they capable of exploiting , as shown by Denisia (2010). Thus explaining why nations engage in foreign direct investment (FDI) and how multinational enterprises (MNEs) have developed. When a corporation hires a subcontractor, it is possible for a subcontractor to utilize technology to challenge with the agency firm by disrupting the contract, or for the agent to harm the image of the business by destroying it. According to Hymer (1976), FDI occurs only when the benefits of leveraging these peculiar advantages outweigh the costs of doing business in a foreign nation. The majority of businesses choose to invest directly in a foreign country. Utilizing them, instead of subletting or reselling them to foreign corporations, would be more lucrative for the company that has ownership benefits.

Internalization advantages mean that the firm would use FDI instead of contractual resource exchanges to capitalize on these advantages. Internationalization theory was important to this study because it offers a theoretical basis for understanding how organizations should internally structure their systems to gain from internationalization.

2.3 Empirical Literature

In Tanzania, Rutashobya and Jaensson (2006) investigated the role of networks in small firm internationalization. In the survey method, 40 companies were included in the study, as well as four case studies. According to the findings, all of the companies had adopted an export-based internalization policy. In terms of entering the export market, all of the owner-managers began selling their goods domestically and gradually expanded into international markets via connections with clients, associates, families, NGOs, cluster representatives, and associations, among other people. These findings tended to back up the Uppsala stage internalization model.

The effect of internationalization on firm success in Taiwan was studied using a quartile regression analysis by Lee, Chan, Yeh, and Chan (2010). The research was conducted over a six-year period, from 2000 to 2005, and centered on internalization from the viewpoint of input imports. Investing in foreign countries is a good indicator of a company's breadth, according to the results, however investing in more distant locations was shown to be negatively correlated with a company's performance, as measured by Tobin's Q. (measured by the number of foreign investment sites in the top two countries divided by total number of foreign investment sites).

In a sample of 165 Swiss publicly traded firms, Nielsen (2010) looked at the association between top management team internationalization and firm results. The research created a multi-dimensional structure of top management team (TMT) internationalization, which reflects TMT capacity to solve the complexities of managing a corporation's overseas investments as it continues to globalize. The findings supported the multi-dimensional construct's validity, implying that TMT internationalization contributes to corresponding foreign market entries, that are positively linked to firm results.

Erdil (2012) investigated the actions of Turkish companies in terms of internationalization by activities. The research looked at the road to internationalization and the primary factors from the end of 1980 to the end of 2010. Turkish companies tend to utilize their network in their internationalization phase in besides learning from existing export markets and industry awareness. The secondary data analysis revealed that businesses employ know-how knowledge to gain expertise in foreign markets rather than relying solely on export. In several firms, the use of the input market in internationalization has gained momentum.

Kyu, Sinkovics, and Kuivalainen (2013) looked at non-equity-based international network partnerships of high-tech firms to see how human resource internationalization in projects affects business success. Building confidence in the internationalization phase of network projects leads to firm-level exploratory capabilities and, as a result, business success, according to the findings. The study found that while network relationships existed prior to the formation of the international technology partnership, the connection was greater. The presence of an actual partnership and network length had a negative moderating impact on the relationship between exploratory capacity and market performance, according to the report.

This research was conducted by Hajela and Akbar (2013), who studied how internationalization affects the performance of SMEs that invest overseas. Panel data from 29 Indian software SMEs from 2002 to 2008 was used to assess the influence of marketing, company size, and management orientation on business performance. Firm performance was shown to be linked to internationalization. The paper's theoretical underpinnings were founded on a resource- and knowledge-based perspective. Marketing's ability to forecast a company's performance in an export market was shown to be limited. The size as well as age of the company, on the other hand, were observed to be appropriate indicators of firm performance.

Miki et al. (2016) conducted research into the relationship between internationalization and the success of Croatian SMEs. The research looked at all facets of foreign activity, inclusive of export as well as import. Internationalization has a positive effect on SMEs' market success, according to the conclusions of a multiple linear regression study of undertaken empirical research. Export orientation was found to be the most important driver of firm efficiency, unlike import orientation, which is intended to reduce costs.

In Kenyan companies, Kamanga and Ismail (2016) investigated the impact of outsourcing on organizational efficiency in the manufacturing sector. The study focused on 42 management personnel from three major departments: production, transportation and agriculture, as well as engineering. The findings revealed an important strong positive relationship between cost, quality, technology adaptation, and organizational efficiency. Risks and organizational success had a poor but important positive relationship. Selection of service provider by organizations should be based on clear technological and administrative skills. Service providers should only handle specific risks that, even if they arise, would not have a significant impact on the overall performance of the company.

In a survey of 72 large US law firms, Onkelinx et al. (2016) discovered that the partners' expertise, reputation, as well as experience were positively correlated with the scope and depth of firm internationalization, and that the partners' human capital positively moderated the relationship between internationalization as well as performance. According to the report, SMEs that pursue a phased internationalization strategy can rely on acquired operational expertise, which they can move from one market to the next and will be less likely to acquire additional human resources due to the slower pace of internationalization. They discovered that SMEs with a larger human capital stock are better able to handle the uncertainties and challenges of increased internationalization.

Pinho and Prange (2016), on the contrary, looked into the link between social networks and complex internationalization abilities, as well as their effect on the international success of low-tech small as well as medium-sized businesses. Social networks are an important antecedent of exploitative as well as exploratory capability, according to the findings, and they have a positive impact on international efficiency. As a result, companies can adopt a human capital internationalization strategy in order to gain access to social networks that will allow them to further integrate their global market operational activities.

Aggarwal (2017) conducted a study of review of the literature on the effect of globalization on company performance. The paper retrieved the history of Indian sector internationalization, their reasons for doing so, and the various internationalization approaches and methods they used to achieve their organizational goals. The study's main finding being that the majority of studies support the hypothesis that exports as well as outward foreign direct investment have a positive relationship with company performance metrics like Return on Assets (ROA).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter highlights the methodology that was used in carrying out the research. The chapter specifically discusses the research design, the population of the study, the sample and sampling techniques, the data collection tools and procedures as well as the methods of analyzing data.

3.2 Research Design

Research design may be summarized as the blueprint detailing the procedures and techniques that will be applied when it comes to gathering and analyzing the information required in a study (Fisher, 2010). In selecting the suitable research design, the researcher considered a number of factors and comprise of; the study purpose, the research problem nature, researchers' interest and motivation, researcher's knowledge and experience, research ethics and principles, resources, time, subjects and participants (Saunders, Thornhill & Lewis, 2014). The current study embraced the use of experimental research design; it is a descriptive study because it seeks to analyze the internationalization process among Kenya's major production companies. The study was cross-sectional because it investigated multiple entities over a single time frame; the analysis unit being the firm. It was a survey set in a field setting.

3.3 Population of the Study

Collis and Hussey (2014) regard a population as a definite set of units or individuals with homogenous characteristics under observation. The target population for the current study was the 118 large scale manufacturing firms that have internationalized their operations and licensed by KAM as at 2020. The analysis unit was the Kenyan large-scale manufacturing companies that have internationalized while the unit of observation were export liaison officer of each respective company.

3.4 Data Collection

Data collection is the procedure of gathering data about a study variable in order to address research questions and draw conclusions (Peersman, 2014). Primary data was fully relied upon and the collecting of the data was via structured questionnaires. According to Cooper and Schindler (2014), usage of questionnaires as tool for collecting data have strengths such as less time consuming, easy to understand and can be administered through alternative means when likened discussions by focus group, observations and interview guides.

The questionnaire was structured in four segments. The first segment was population demographics. Section two to four had product market internationalization, input market internationalization and human capital internationalization. Part one of was in nominal scale and the remaining sections was in ordinal five-point Likert scale. The questionnaire was self-administered to export liaison officers.

3.5 Data Analysis

The procedure of formulating and adding order and sense to a large amount of data is known as data analysis (Connaway & Powell, 2010). It involves coding, sorting and interpreting the raw data. Descriptive analysis which involves computation of mean, mode, median, standard deviation, and percentages were carried out to determine frequencies and percentage distributions. The findings were presented in tables and figures. Descriptive statistics aided in understanding the internationalization process among large manufacturing firms in Kenya. Using factor analysis, the researcher was able to reduce a vast number of variables to a manageable quantity. A single score is generated by taking the biggest common variance across all variables and applying that.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

The findings and interpretations of the analysis are presented in this chapter. Using SPSS, descriptive statistics and factor analysis were performed on the data gathered by questionnaires. The findings were presented using tables.

4.2 Response Rate

The researcher administered 118 questionnaires to the respondents from the manufacturing firms. Out of these the ones that were filled and returned were 104 whereas 14 were not returned. Therefore this represented a response rate of 88%. As stated by Mugenda & Mugenda (2010), who believe that a response rate of 70 percent or more is acceptable for analysis and drawing conclusions, this was sufficient. The rest of the questionnaires that were not returned could be due to the fact that they were too busy to respond to the questionnaires. The response rate was as is presented in Table 4.1.

Table 4.1: Response Rate

Questionnaires	Frequency	Percent
Returned	104	88
Not Returned	14	12
Total	**118**	**100**

Source: Research Data, 2021

4.3 Demographics

The researcher enquired about some demographic characteristics of the respondents and the firms. These included gender, age, education level, frequency of travels, business category, ownership status and number of full-time employees.

4.3.1 Gender of Respondents

The results of the gender of the respondents were as presented in Table 4.2.

Table 4.2: Gender of Respondents

Gender	Frequency	Percent
Male	73	70.2
Female	31	29.8
Total	**104**	**100**

Source: Research Data, 2021

The results in Table 4.2 on gender revealed that the male participants were more than the female respondents representing 70.2% and 29.8% respectively. It was therefore deduced that the large manufacturing firms have more male employees than female employees.

4.3.2 Age of Respondents

The analysis of the age data as provided by the respondents was as in Table 4.3.

Table 4.3: Age of Respondents

Age	Frequency	Percent
25-30 Years	12	11.5
31-35 years	30	28.8
36-40 years	38	36.5
41-45 years	8	7.7
46-50 years	11	10.6
51 years and above	5	4.8
Total	**104**	**100**

Source: Research Data, 2021

The results in Table 4.3 revealed that among the respondents those aged 36-40 years were the majority representing 36.5% followed by those aged 31-35 years at 28.8% while those aged between 25-30 years, 46-50 years, 41-45 years and above 50 years represented 11.5%, 10.6%, 7.7% and 4.8% respectively. This implied that majority of the employees in large manufacturing firms were aged below 40 years and these mostly represent the youths.

4.3.3 Education Level of Respondents

The responses provided concerning the highest education level of the respondents were as indicated in Table 4.4.

Table 4.4: Education Level of Respondents

Education Level	Frequency	Percent
PhD	7	6.7
Masters	15	14.4
Undergraduate	37	35.6
Diploma	25	24
Certificate	20	19.2
Total	**104**	**100**

Source: Research Data, 2021

The results in Table 4.4 showed that those respondents who had undergraduate degree were the most representing 35.6%, those with diploma followed at 24% while those with certificate, masters and PhD represented 19.2%, 14.4% and 6.7% respectively. This implied that most of the respondents had attained the basic education levels and were able to provide valid information concerning the study variables.

4.3.4 Frequency of Travel

Table 4.5: Frequency of Travel

Frequency of travel	Frequency	Percent
Once in three months	14	13.5
1-3 times in three months	36	34.6
4-6 times in three months	38	36.5
More than 7 times in a period of three months	16	15.4
Total	**104**	**100**

Source: Research Data, 2021

Based on the findings in Table 4.5 it was revealed that for most of the firms they make 4-6 travels in three months representing 36.5% and others make 1-3 travels in three months. Those that make more than 7 travels and those that travel only once in three months represented 15.4% and 13.5% respectively. This indicated that the majority of firms are able to make high number of travels every three months.

4.3.5 Category of Business Organization

Table 4.6: Category of Business Organization

Category of business organization	Frequency	Percent
Sole proprietorship	25	24
Partnership	26	25
Private limited	29	27.9
Public limited	24	23.1
Total	**104**	**100**

Source: Research Data, 2021

The results in Table 4.6 established that majority of the large manufacturing firms are Private limited representing 27.9% while those that are partnership represented 25% and those that are sole proprietorship and public limited represented 24% and 23.1%. This implied that the firms are distributed fairly across all the categories.

4.3.6 Ownership Status

The analysis of the responses regarding the ownership status of the companies represented was conducted and results presented in Table 4.7.

Table 4.7: Ownership Status

Ownership status	Frequency	Percent
Fully Kenyan Ownership	45	43.3
Fully foreign Ownership	29	27.9
Joint ownership	30	28.8
Total	**104**	**100**

Source: Research Data, 2021

The results in Table 4.7 established that majority of the large manufacturing firms are Fully Kenyan owned representing 43.3% while those that are Fully foreign owned represented 27.9%. Those that are jointly owned by foreigners and Kenyan were the least at 28.8%. More so those that are jointly owned had majority between 21% and 50%

foreign ownership while those with less than 20% foreign ownership were the least at 6.5% as in Table 4. 8

Table 4.8: Percentage Foreign Owned Joint Ventures

Percentage Foreign Owned	Frequency	Percent
20 and below	2	6.5
21-50	20	64.5
51 and above	9	29
Total	**31**	**100**

Source: Research Data, 2021

4.3.7 Number of Full-Time Employees

Analysis of the number of full time employees for the companies under study was conducted and the findings were as in Table 4.9.

Table 4.9: Number of Full-Time Employees

Number of full-time employees	Frequency	Percent
101-150 employees	13	12.5
151-200 employees	34	32.7
Above 200 employees	57	54.8
Total	**104**	**100**

Source: Research Data, 2021

According to the results in Table 4.9, firms with more than 200 full time employees represented 54.8% and those with 151-200 full time employees represented 32.7% while those with 101-150 employees represented 12.5%. This implied that the firms that were selected were large enough to fit the description of large manufacturing firms.

4.4 Descriptive Statistics

In summarizing data, descriptive statistics were utilized like mean, the standard deviation and the percentages. The questionnaire used a measurement scale from 1-5 where 1 was implied strongly disagreement (SD), 2 was disagreement (D), 3 was Neutrality (N) while 4 was agree (A) and 5 strongly agree (SA).

4.4.1 Export Mode

Table 4.10: Descriptive Statistics for Export Mode

Statements	Mean	Std. Dev.
We are concentrating on expanding our export business in order to increase our revenue sources.	4.34	1.00
Export revenue accounts for a major portion of the firm's overall revenue.	4.35	0.92
Exports constitute the largest share of our sales revenue	4.39	0.85
Through overseas partners, we have access to stable international markets.	4.26	0.97
Through worldwide collaboration, the firm has embraced new technology and advances	3.39	1.39
The majority of our sales are to bordering countries, especially the East African Community	4.14	1.13
Efforts have been made by the company to market our goods in other countries	4.02	0.91
Involving the firm in international commerce has resulted in a rise in its performance.	4.27	0.93
The company has adopted direct agent/distribution	4.22	1.17
The firm sells directly to the importer	3.13	1.61
Average	**4.05**	**1.09**

Source: Research Data, 2021

Table 4.10 indicated the overwhelming majority of those who took part in this investigation concurred with the statement that they are concentrating on expanding our export business in order to increase our revenue sources (Mean=4.34 std dev=1). The results indicated the overwhelming majority of those who took part in this investigation affirmed that export revenue accounts for a major portion of the firm's overall revenue (mean=4.35 std. dev=0.92. Further, the results indicated that overwhelming majority of those who took part in this investigation concurred with the statement that exports constitute the largest share of their sales revenue (mean=04.39 std dev=0.85). Furthermore, overwhelming majority of those who took part in this investigation concurred with the statement claiming that their firm has a solid foothold in the worldwide market thanks to its overseas business partners (mean=4.26 std dev=0.97). Additionally, the results revealed that majority respondent's agreed that through worldwide collaboration, the firm has embraced new technology and advances. (mean=3.39 std dev=1.39).

In addition, results indicated overwhelming majority of those who took part in this investigation were in agreement with the statement that that the majority of their sales are to bordering countries, especially the East African Community (mean=4.14 std dev=1.13). The outcome too showed that majority respondents agreed that efforts have been made by the company to market their goods in other countries (mean=4.02 std dev=0.91). Moreover, results showed overwhelming majority of those who took part in this investigation concurred with the statement that involving the firm in international commerce has resulted in a rise in its performance (mean=4.27 std dev=0.93). The results also indicated that overwhelming majority of those who took part in this investigation concurred with the statement that the company has adopted direct agent/distribution (mean=4.22 std dev=1.17). Finally, half of those who took part in this investigation concurred that that the firm sells directly to the importer (mean=3.13 std dev=1.61). The overall mean for the responses on project performance was 4.05 and the std dev of 1.09 suggested a dismal fluctuation in the statement replies, with extremely low response variance.. agreed with Aggarwal (2017) who affirmed that exports have a positive relationship with company performance metrics like Return on Assets (ROA).

4.4.2 Contractual Entry Mode

Table 4.11: Descriptive Statistics for Contractual Entry Mode

Statements	Mean	Std. Dev.
The firm has transferred intangible assets	4.06	1.07
Technology transfer is something that the company does.	4.04	1.08
One or a mix of brand name and operational knowledge is made available via the company.	4.07	1.09
The corporation has entered into commercial relationships with overseas businesses via licensing, contracting, and joint ventures.	4.12	0.73
Foreign corporations may get intellectual property rights from the company.	4.07	1.06
The firm gives foreign companies operational control rights	4.28	0.72
By depending on foreign trademarks, we are able to increase our revenue sources.	4.16	0.93
Royalties and other revenues from intellectual rights account for a significant component of our overseas revenue.	4.33	0.73
We benefit from the usage of international patent rights in order to expand our business.	4.16	0.83
Foreign ownership of businesses has become more accessible as a result of globalization.	4.16	0.73
Average	**4.15**	**0.90**

Source: Research Data, 2021

As shown in Table 4.11, overwhelming majority of those who took part in this investigation concurred with the statement the firm has transferred intangible assets (Mean=4.06 std dev=1.07). The outcome also indicated that overwhelming majority of those who took part in this investigation concurred with the statement that the firm engages in technology transfer (mean=4.04 std dev=1.08). Further, results showed overwhelming majority of those who took part in this investigation confirmed with the statement that one or a mix of brand name and operational knowledge is made available via the company (mean=4.07 std dev=1.09). Furthermore, overwhelming majority of those who took part in this investigation concurred with the statement that the firm has entered into commercial relationships with overseas businesses via licensing, contracting, and joint ventures. (mean=4.12 std dev=0.73). Additionally, the results revealed that majority respondent's agreed that the firm issues intellectual property rights to foreign companies (mean=4.07 std dev=1.06). In addition, results showed overwhelming majority of those who took part in this investigation agreed with the statement that that the firm gives foreign companies operational control rights (mean=4.28 std dev=0.72).

The outcome too showed overwhelming majority of those who took part in this investigation agreed that they enhance their income streams by relying on international trademarks (mean=4.17 std dev=0.93). Moreover, overwhelming majority of those who took part in this investigation concurred with the statement that royalties and other revenues from intellectual rights account for a significant component of our overseas revenue (mean=4.33 std dev=0.73). The overwhelming majority of those who took part in this investigation concurred with the statement that benefit from the usage of international patent rights in order to expand our business (mean=4.16 std dev=0.83). Finally, overwhelming majority of those who took part in this investigation concurred with the statement that foreign ownership of businesses has become more accessible as a result of globalization (mean=4.16 std dev=0.73). The overall mean for the responses on project performance was 4.15 and the std dev of 0.90 suggested a dismal fluctuation in the statement replies, with extremely low response variance. Findings were in line with those of Kyu, Sinkovics, and Kuivalainen (2013) who established that building confidence in the internationalization phase of network projects leads to firm-level exploratory capabilities and, as a result, business success.

4.4.3 Investment Entry Mode

Table 4.12: Descriptive Statistics for Investment Entry Mode

Statements	Mean	Std. Dev.
As part of its strategy to increase income, the corporation has invested in foreign production.	4.24	0.84
The share of earnings from international activities has increased dramatically in recent years.	4.19	0.95
The firm is available to overseas investors that are interested in making a local investment.	4.32	1.00
The corporation has bought assets with a positive cash flow in foreign nations.	4.24	1.04
The firm has established subsidiaries in other countries in order to increase its involvement in the worldwide market.	4.38	0.92
Investments made by the firm in overseas markets have increased our competitiveness and strengthened our worldwide position.	4.13	0.99
The company has made an investment in a joint venture with a new organisation.	4.42	0.69
The company has made an investment in a joint venture.	4.22	0.88
The corporation acquires already-established enterprises in foreign market.	3.74	1.09
The joint venture between the company and a third party is related with having access to resources.	2.55	1.45
Average	**4.04**	**0.98**

Source: Research Data, 2021

Results in Table 4.12 indicated that overwhelming majority of those who took part in this investigation concurred with the statement that the in order to boost income, the corporation has started producing goods in other countries (mean=4.24 std dev=0.84). The results indicated overwhelming majority of those who took part in this investigation concurred with the statement that the profitability of international businesses has increased dramatically. (mean=4.19 std dev=0.95). Further, overwhelming majority of those who took part in this investigation concurred with the statement that the firm is available to overseas investors that are interested in making a local investment (mean=4.32 std dev=1.00). Furthermore, the results showed that overwhelming majority of those who took part in this investigation concurred with the statement that that the company has acquired profit earning assets in overseas countries (mean=4.24 std dev=1.04). Additionally, the results revealed that majority respondent's agreed that the firm has established subsidiaries in other countries in order to increase its involvement in the worldwide market (mean=4.38 std dev=0.92).

Besides, overwhelming majority of those who took part in this investigation concurred with the statement that investments made by the firm in overseas markets have increased our competitiveness and strengthened our worldwide position (mean=4.13 std dev=0.99). The results too showed majority respondents agreed that the company has made an investment in a joint venture with a new organisation. (mean=4.42 std dev=0.69). Moreover, overwhelming majority of those who took part in this investigation concurred with the statement that that the firm has invested in a joint venture (mean=4.22 std dev=0.88). The results also showed overwhelming majority of those who took part in this investigation were in agreement with the statement that the corporation acquires already-established enterprises in foreign market (mean=3.74 std dev=1.09). On the contrary, slightly over half of the respondents were not in agreement that the company buys established businesses in foreign markets (mean=2.55 std dev=1.45). The overall mean for the responses on project performance was 4.04 and the std dev of 0.98 suggested a dismal fluctuation in the statement replies, with extremely low response variance. The findings concurred with those by Lee, Chan, Yeh, and Chan (2010), who indicated that organizational performance (estimated by Tobin's Q) is positively correlated with breadth (measured by the number of foreign countries where a firm has direct investments).

4.5 Factor Analysis

It is possible to reduce an enormous number of variables to a small number of significant ones using factor analysis. Because several observable variables are related to a hidden variable, factor analysis assumes that their response patterns are all similar. As many factors as variables are used in a factor analysis. In the observed variables, each component contributes for a certain amount of variation. How much variation does one component explain in the observed variables? This may be measured using the Eigenvalue. According to the Kaiser Criterion, if Eigenvalues is more than one, it is a factor; if Eigenvalues is less than one, it is not a factor. The elements that account for the least amount of variation are usually eliminated.

The factor loading, which is the correlation coefficient for the variable and factor, expresses the link of each variable to the underlying component. The study employed the Principal Component Method. Factor analysis was used to determine the factors that influence employee turnover intentions among teaching staff of the University of Nairobi The largest variance is extracted via Principal Component and placed in the first factor. Then it subtracts the variation described by the first two components and begins extracting the maximum variance for the second factor. This procedure leads to the final component. Rotation was done using the varimax rotation approach to obtain more trustworthy data.

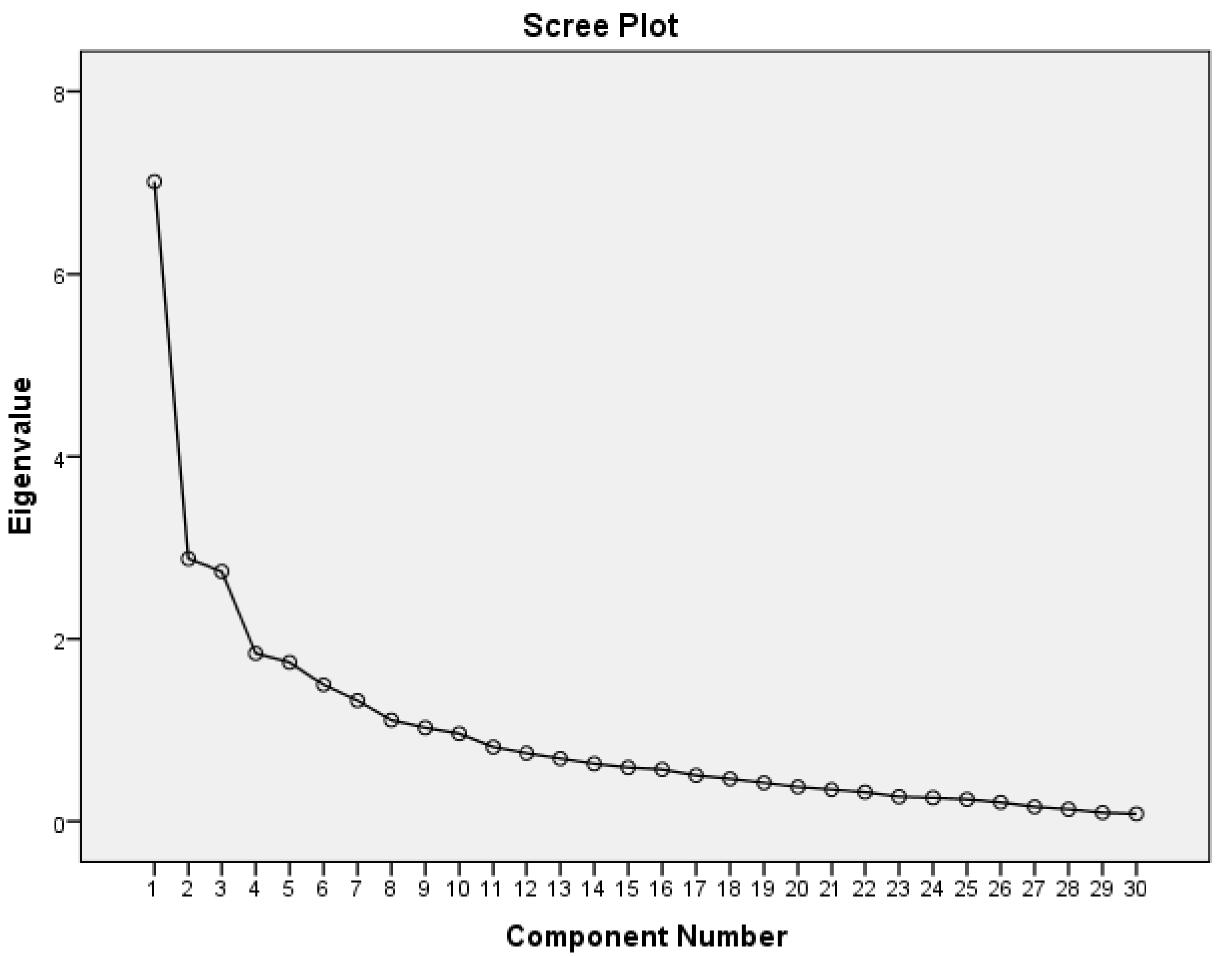
Table 4.13: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.012	23.374	23.374	7.012	23.374	23.374	3.626	12.088	12.088
2	2.877	9.589	32.963	2.877	9.589	32.963	2.758	9.193	21.281
3	2.738	9.125	42.089	2.738	9.125	42.089	2.756	9.187	30.468
4	1.841	6.138	48.227	1.841	6.138	48.227	2.43	8.1	38.568
5	1.743	5.81	54.037	1.743	5.81	54.037	2.408	8.026	46.595
6	1.495	4.983	59.02	1.495	4.983	59.02	2.386	7.954	54.548
7	1.32	4.399	63.419	1.32	4.399	63.419	1.715	5.717	60.265
8	1.106	3.685	67.105	1.106	3.685	67.105	1.649	5.498	65.763
9	1.023	3.409	70.514	1.023	3.409	70.514	1.425	4.751	70.514
10	0.958	3.194	73.708						
11	0.811	2.705	76.413						
12	0.744	2.481	78.894						
13	0.686	2.286	81.18						
14	0.629	2.096	83.276						
15	0.588	1.96	85.236						
16	0.567	1.889	87.125						
17	0.502	1.672	88.797						
18	0.464	1.547	90.344						
19	0.421	1.402	91.746						
20	0.375	1.25	92.996						
21	0.347	1.156	94.152						
22	0.318	1.061	95.213						

23	0.268	0.894	96.107
24	0.257	0.858	96.965
25	0.239	0.798	97.762
26	0.207	0.689	98.452
27	0.158	0.526	98.978
28	0.131	0.438	99.416
29	0.094	0.313	99.729
30	0.081	0.271	100

Extraction Method: Principal Component Analysis.

Source: Research Data, 2021



Source: Research Data, 2021

Figure 4.1: Scree Plot

Table 4.14: Component Matrix

		Component							
		1	2	3	4	5	6	7	8
The firm gives foreign companies operational control rights	1	.766							
Foreign corporations may get intellectual property rights from the company.	2	.753			.310				
Foreign ownership of businesses has become more accessible as a result of globalization.	3	.742		.303					
By depending on foreign trademarks, we are able to increase our revenue sources.	4	.608	.333			-.384			
We benefit from the usage of international patent rights in order to expand our business.	5	.578		.431					
Royalties and other revenues from intellectual rights account for a significant component of our overseas revenue.	6	.575			-.392			.378	
The corporation has entered into commercial relationships with overseas businesses via licensing, contracting, and joint ventures.	7	.489			.349		.364		
One or a mix of brand name and operational knowledge is made available via the company.	8	.467				.324			
The share of earnings from international activities has increased dramatically in recent years.	9	.464				.317			.301
The majority of our sales are to bordering countries, especially the East African Community	10		.785						

The company has adopted direct agent/distribution	11		.758						
The corporation has bought assets with a positive cash flow in foreign nations.	12		.665	.307					
Efforts have been made by the company to market our goods in other countries	13		.514	.318	.376				
The firm is available to overseas investors that are interested in making a local investment.	14		.469			.308		-.310	
Export revenue accounts for a major portion of the firm's overall revenue.	15			.793					
Exports constitute the largest share of our sales revenue	16			.784					
We are concentrating on expanding our export business in order to increase our revenue sources.	17			.619	.487				
Through overseas partners, we have access to stable international markets.	18		.343	.551					
Involving the firm in international commerce has resulted in a rise in its performance.	19				.720				
Investments made by the firm in overseas markets have increased our competitiveness and strengthened our worldwide position.	20				.691				
The company has made an investment in a joint venture with a new organisation.	21				.679				
The firm has established subsidiaries in other countries in order to increase its involvement in the worldwide market.	22					.642			
As part of its strategy to increase income, the corporation has invested in foreign production.	23					.595		-.412	
The company has made an investment in a joint venture.	24					.583			

The corporation acquires already-established enterprises in foreign market.	25	.346	.416			.424	.346		.404
The firm sells directly to the importer	26						.779		
Our organization has access to dependable worldwide markets via foreign partners.	27						.741		
Technology transfer is something that the company does.	28	.351				.419	.536		
The firm has transferred intangible assets	29							.816	
The joint venture between the company and a third party is related with having access to resources.	30								.764

Source: Research Data, 2021

The factors having an eigen value greater than one were chosen, while the others were rejected. The statements can be reduced to nine factors, according to factor analysis. The assertions were reduced to nine factors using the Kaiser criterion, which states that a factor should be chosen based on Eigen Values. A factor is indicated by an Eigen value of 1 or greater. A total of 70.514 percent of the total variance was explained by the nine components. The nine components explain the different forms of export mode- indirect, direct and cooperative export modes: contractual entry modes-licensing, franchising and management contracts and: investment entry modes-joint venture, Foreign Direct Investment and Exportation

4.6 Discussion of Findings

The results indicated that the large manufacturing firms do indeed practice internationalization process through export mode, contractual entry mode and investment entry mode. Increasing their emphasis on exports trade in order to boost their revenue streams and spending a significant amount of resources in marketing their goods in overseas markets is how the enterprises accomplish the export mode. The export mode has benefits for the firms as it leads to high income and also helps in acquiring of modern technologies and finally lead to increased company performance.

Contractual entry mode has also been achieved through the transfer of intangible assets as well as technology transfer. Licensed businesses, contracts, and joint ventures have all been established with international counterparts by these enterprises. They also give foreign companies operational control right and issue intellectual property rights to foreign companies. This has led to enhanced income streams by relying on international trademarks and moreover, the utilization of global patents rights has facilitated commerce.

Large manufacturing firms also achieve investment entry mode the by engaging in foreign production to improve revenue. Investors from across the world are welcome, and they also have subsidiary in other countries to increase their exposure to the global market. The investment entry mode benefits the firms by enabling them to acquire profit earning assets in overseas countries and enhancing their competitiveness and strengthening their global position.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of the study was to analyze the internationalization process of large manufacturing firms in Kenya. Data was collected among large manufacturing firms. The summary of findings together with conclusions limitations and recommendations were presented in this chapter.

5.2 Summary

The findings revealed vast majority of those who responded agreed with statement regarding export mode internationalization process. The findings revealed that overwhelming majority of those who took part in the investigation were in agreement with statement regarding export mode internationalization process. They agreed that they are concentrating on expanding our export business in order to increase our revenue sources, export revenue accounts for a major portion of the firm's overall revenue, exports constitute the largest share of our sales revenue, through overseas partners, we have access to stable international markets, the majority of our sales are to bordering countries, especially The East African Community, efforts have been made by the company to market our goods in other countries, involving the firm in international commerce has resulted in a rise in its performance and the company has adopted direct agent/distribution.

Regarding contractual entry mode the study established overwhelming majority of those respondents who took in this investigation that affirmed to the statements. The respondents affirmed that: The firm has transferred intangible assets, technology transfer is something that the company does, one or a mix of brand name and operational knowledge is made available via the company, the corporation has entered into commercial relationships with overseas businesses via licensing, contracting, and joint ventures, foreign corporations may get intellectual property rights from the company, the firm gives foreign companies operational control rights, by depending on foreign trademarks, we are able to increase our revenue sources, royalties and other revenues from intellectual rights account for a significant component of our overseas revenue, they benefit from the usage of international patent rights in order to expand our business, foreign ownership of businesses has become more accessible as a result of globalization.

Finally, it was established that overwhelming majority of those who took part in this investigation affirmed to statements regarding investment entry mode. They agreed that: as part of its strategy to increase income, the corporation has invested in foreign production. the share of earnings from international activities has increased dramatically in recent years, the firm is available to overseas investors that are interested in making a local investment, the corporation has bought assets with a positive cash flow in foreign nations, the firm has established subsidiaries in other countries in order to increase its involvement in the worldwide market, investments made by the firm in overseas markets have increased our competitiveness and strengthened our worldwide position, the company has made an investment in a joint venture with a new organisation, the company has made an investment in a joint venture and the corporation acquires already-established enterprises in foreign market.

5.3 Conclusions

The findings led to the conclusion that large manufacturing firms in Kenya have indeed adopted the internationalization process in order to reap the benefits thereof. The large manufacturing firms in Kenya have adopted strategies that would lead to increased exports in order to expand the sources of revenue and hence enhance the total company revenues. Involvement in direct distribution and direct sale to importers also led to a significant increase in revenue. The study also concludes that contractual entry mode as an internationalization process is beneficial to large manufacturing firms as it enhances the revenue of a firm while also enabling a firm to acquire modern technology form the foreigners.

Large manufacturing firms in Kenya have also reaped the benefits of investment entry mode. It can therefore be concluded that engaging in internationalization process through the investment entry mode is beneficial to firms seeking to improve their revenue base and also to go international. The investment entry mode allows firms to give patent rights to foreign companies who seek to invest locally. The foreign firms are therefore able to acquire profit earning assets from overseas countries. This leads to increased profits and consequently a higher firm performance. It can finally be concluded that firms that adopt the internalization process have a wide channel for revenue.

5.4 Recommendations for Policy and Practice

From the study findings the study recommends that the management of firms in Kenya and especially those in the manufacturing firms should adopt strategies that will allow them to move to the internationalization process. It is recommended that for small firms that are seeking to grow they should be open to foreign businesses either through the entry mode process, contractual entry mode or the investment entry mode. This will increase their revenue base leading to improved performance and growth all together. Firms that are seeking to go to the international market can also benchmark with the large manufacturing firms that have already established the channel for internalization process which would help them acquire the necessary knowledge regarding the procedure.

The study also recommends that the management of firms in the manufacturing sector as well as in other sectors that are seeking to expand to the international market should formulate polices and guidelines that will lead the firms towards the internationalization process. They should also use the study findings to come up with strategies that will enhance their effort to expand their market and improve their revenue and firm performance.

5.4 Limitations of the Study

Due to the amount of resources that were available to the researcher the researcher only made use of primary data collected through the use of a questionnaire. This posed a limitation as it may not bring out all the aspects of internationalization process. More so the other methodologies adopted for the study may not be exhaustive. To address this limitation the researcher suggested that future researchers should adopt the other methodologies not adopted in the current study.

The study also faced the limitation of some respondents being reluctant to provide the required information for fear of releasing confidential information. However, the researcher addressed the limitation by assuring the respondents that the information they provide will not be released to any third party and that the data would only be used for academic purposes only.

5.6 Suggestions for Further Research

The study focused on analyzing the internationalization process of large manufacturing firms in Kenya. Future researchers who wish to further this research are recommended to research on other internationalization process modes other than the ones discussed in this study. This would help the firms to understand about other options they have which may give them more light when they want to adopt the concept. Future researchers may also replicate the study by focusing on other firms in the market other than the ones in the manufacturing firms or even smaller firms which may be operating in different environments hence may require different strategies to achieve the internationalization process.

The study also recommends that future researchers should make use of other methodologies that have not been adopted in this study. They may make use of secondary data such as data regarding the revenue of firms. They may also consider assessing how the internationalization process affects the performance of firms by making use of inferential analysis such as correlation and regression analysis. This would lead to increased knowledge as firms that use the study findings will be able to understand how the internationalization process affects firm performances and other aspects of a firm hence make the decisions based on the findings.

REFERENCES

Aggarwal, A. (2017). Impact of Internationalization on Firm Performance : A Literature Review. *Journal of Business and Management, 12*(3),1–8.

Arasa, R., & Gideon, L. N. (2015). The influence of international market entry strategies on firm financial performance a study of the manufacturing multinationals in Kenya. *International Journal of Economics, Commerce and Management, III*(9), 364-386.

Collis, J. & Hussey, R. (2014). *Business Research: A Practical Guide for Undergraduate and Postgraduate Students.* 4th edition, Palgrave Macmillan

Connaway, L. S., & Powell, R. R. (2010). *Basic research methods for librarians*. ABC-CLIO.

Cooper, D. R., & Schindler, P. S. (2014). *Business research methods* (10th ed.). New Delhi: Tata McGraw-Hill Publishing Company Limited

Denisia, V. (2010). Foreign direct investment theories: An overview of the main FDI theories.

Erdil, T. S. (2012). An analysis of internationalisation behavior of firms through activities and the case of Turkish firms. *Procedia - Social and Behavioral Sciences*, 58, 1247–1255. doi:10.1016/j.sbspro.2012.09.1107

Fisher, C. M. (2010). *Researching and Writing a Dissertation: An Essential Guide For Business Students. 3rd ed.* Harlow: Financial Times Prentice Hall:808.066658 FIS & e-book.

Hajela, A., & Akbar, P. M. (2013). Impact of internationalization on SME Performance: A study of Indian software firms. *International Journal of Technological Learning, Innovation and Development,* 2(6), 88–101.

Hymer, S. H. (1976). The international operations of national firms: A study of foreign direct investment

Johanson, J. & Mattsson, L. G. (2015). *Internationalisation in industrial systems—a network approach*. In Knowledge, Networks and Power (pp. 111-132). Palgrave Macmillan UK.

Johanson, J., & Vahlne, J. E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies,* 8(1), 23-32.

KAM (2018a), *Manufacturing Priority Agenda. Sparking Kenya's Industrial Transformation for job Creation*. Kenya Association of Manufacturers.

Kamanga, F. N., & Ismai, S. N. (2016). Effects of Outsourcing on Organization Performance in Manufacturing Sector in Kenya: A Case of Del Monte Kenya Limited. *European Journal of Logistics, Purchasing and Supply Chain Management*, 4(3), 32–58.

Kyu, Y., Sinkovics, R. R., & Kuivalainen, O. (2013). Upstream internationalization process: Roles of social capital in creating exploratory capability and market performance. *International Business Review*, 22(6), 1101–1120. doi:10.1016/j.ibusrev.2013.03.001

Lee, T. C., Chan, K. C., Yeh, J., & Chan, H. (2010). The Impact of Internationalization on Firm Performance: A Quantile Regression Analysis. *International Review of Accounting, Banking and Finance*, 2(4), 39–59.

Mandrinos, S. (2014). Internationalization processes of fast moving consumer good (FMCG) products. *Journal of Entrepreneurship in Emerging Economies, 6*(2), 11-19.

Marinov, M., & Marinova, S. (2011). *Internationalization of emerging economies and firms*. Oxford: Springer.

Mikić, M., Primorac, D., & Kozina, G. (2016). Determining the Link between Internationalization and Business Performance of SMEs. *Tehnicki vjesnik/Technical Gazette*, 23(4), 1201–1206. doi:10.17559/TV-20150701204258

Musuva, A. M., Ogutu, M., Awino, Z. B., & Yabs, J. (2013). The influence of firm capabilities on the internationalization and performance of publicly quoted companies in Kenya. *DBA Africa Management Review, 3*(2), 40-58.

Mwangi, E.W. (2018). *Internationalization of commercial banks in Kenya*, Unpublished MBA Project, University of Nairobi

Nielsen, S. (2010). Top Management Team Internationalization and Firm Performance: The Mediating Role ofForeign Market Entry. *Management International Review*,50(2), 185– 206. doi:10.1007/s

Nyaga, J. (2014). Factors affecting distribution of fast moving consumer goods in Kenya: A case of Eveready East Africa. *International Journal of Social Sciences and Entrepreneurship, 1*(12), 290-302.

Onkelinx, J., Manolova, T. S., & Edelman, L. F. (2016). Human capital and SME internationalization: Empirical evidence from Belgium. *International Small Business Journal*, 34(6), 818– 837. doi:10.1177/0266242615591856

Otieno S., Bwisa H. M., & Kihoro J.M. (2012). Influence of Entrepreneurial Orientation on Kenya's Manufacturing Firms Operating under East African Regional Integration. *International Journal of Learning and Development*. Vol 2, No 1 (2012). ISSN 2164-4063. Macrothink Institute, Inc.

Oviatt, B. M. & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of international business studies*, 25(1), 45-64.

Pinho, J. C., & Prange, C. (2016). The effect of social networks and dynamic internationalization capabilities on international performance. *Journal of World Business,* 51(3), 391-403.

Raletić-Jotanović, S., Ratković, M., & Dašić, D. (2015). The differences between human resource management in domestic and international environment. *Vojno Delo,* 67(6), 159– 175.

Rutashobya, L., & Jaensson, J. E. (2006). Small firms ' internationalization for development in Tanzania Exploring the network phenomenon. *International Journal of Social Economics*, 31(2), 159–172. doi:10.1108/03068290410515484

Sapienza, H. J., Autio, E., George, G., & Zahra, S. A. (2006). A Capabilities Perspective on the Effects of Early Internationalization on Firm Survival and Growth. *The Academy of Management Review,*31(4), 914–933.

Saunders, M. L., & Lewis, P. (2009). P. & Thornhill, A.(2009). *Research methods for business students*, 4.

Wach, K. (2014). The role of knowledge in the internationalisation process: An empirical investigation among Polish businesses. *International Competitiveness in Visegrad Countries: Macro and Micro Perspectives*, 143- 158.

Were, A. A., Willem, D., & Wainaina, G. (2017). Ten policy priorities for transforming manufacturing and creating jobs in Kenya. *International Journal of Social Sciences and Entrepreneurship, 4*(6), 119-132.

APPENDICES

Appendix I: Questionnaire

This academic research is part of the effort to analyze internalization process among large manufacturing firms in Kenya. Please find some time to respond to the following questions. There is no right or wrong answers. Our interest is in your general thoughts and impressions. Data provided shall be utilized only for the purposes of academic and shall be handled with total discretion.

SECTIONA: BACKGROUND INFORMATION

---

1. Please Indicate your Gender

a) Male [ ]   b) Female [ ]

2. Please Indicate your Age in years

a) 25-30 [ ] b) 31-35 [ ] c) 36-40 [ ]

d) 41-45 [ ] e) 46-50 [ ] f) 51 and above [ ]

3. What is your Education Level?

a) PhD. [ ] b) Masters [ ] c) Diploma [ ] d) Certificate [ ]

4. How frequent do you travel to foreign countries for business transactions

a) Once in three months [ ]   b) 1-3 times in three months [ ]

c) 4-6 times in three months [ ] d) More than 7 times in a period of three months [ ]

5. **What category of business organization is your firm? (Please Tick as appropriate)**

Sole proprietorship	Partnership	Private limited	Public limited Company	Other, Specify

6. **What is the ownership status of the firm? (Please TICK as appropriate)**

Fully Kenyan Ownership	Fully foreign Ownership	Joint ownership Ownership	If joint partnership, state the % of foreign ownership………............

7. **What is the number of full-time employees in the company?**

Less than 5	5-50	51-100	101-150	201-250	Over 250

SECTION B: Export Mode

8. Kindly respond with the response that matches your opinion. Use the following scale: 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree) (Strongly agree).

SN	Statements	1	2	3	4	5
1	We are concentrating on expanding our export business in order to increase our revenue sources.					
2	Export revenue accounts for a major portion of the firm's overall revenue.					
3	Exports constitute the largest share of our sales revenue					
4	Through overseas partners, we have access to stable international markets.					
5	Our organization has access to dependable worldwide markets via foreign partners.					
6	The majority of our sales are to bordering countries, especially the East African Community					
7	Efforts have been made by the company to market our goods in other countries					

8	Involving the firm in international commerce has resulted in a rise in its performance.					
9	The company has adopted direct agent/distribution					
10	The firm sells directly to the importer					

SECTION C: Contractual Entry Mode

9. Kindly respond with the response that matches your opinion. Use the Scale: 1(strongly disagree), 2(Disagree), 3(Neutral), 4 (Agree) & 5 (Strongly agree).

SN	**Statements**	**1**	**2**	**3**	**4**	**5**
1	The firm has transferred intangible assets					
2	Technology transfer is something that the company does.					
3	One or a mix of brand name and operational knowledge is made available via the company.					
4	The corporation has entered into commercial relationships with overseas businesses via licensing, contracting, and joint ventures.					

5	Foreign corporations may get intellectual property rights from the company.					
6	The firm gives foreign companies operational control rights					
7	By depending on foreign trademarks, we are able to increase our revenue sources.					
8	Royalties and other revenues from intellectual rights account for a significant component of our overseas revenue.					
9	We benefit from the usage of international patent rights in order to expand our business.					
10	Foreign ownership of businesses has become more accessible as a result of globalization.					

SECTION C: Investment Entry Mode

10. Kindly respond with the response that matches your opinion. Use the Scale: 1(strongly disagree), 2(Disagree), 3(Neutral), 4 (Agree) & 5 (Strongly agree).

SN	**Statements**	**1**	**2**	**3**	**4**	**5**
1	As part of its strategy to increase income, the					

	corporation has invested in foreign production.					
2	The share of earnings from international activities has increased dramatically in recent years.					
3	The firm is available to overseas investors that are interested in making a local investment.					
4	The corporation has bought assets with a positive cash flow in foreign nations.					
5	The firm has established subsidiaries in other countries in order to increase its involvement in the worldwide market.					
6	Investments made by the firm in overseas markets have increased our competitiveness and strengthened our worldwide position.					
7	The company has made an investment in a joint venture with a new organisation.					
8	The company has made an investment in a joint venture.					
9	The corporation acquires already-established enterprises in foreign market.					
10	The joint venture between the company and a					

	third party is related with having access to resources.					

THANK YOU