FOREIGN MARKET ENTRY STRATEGIES AND PERFORMANCE OF MULTINATIONAL MANUFACTURING FIRMS IN NAIROBI KENYA

LUCY SARINGI NYAKIORE

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

NOVEMBER, 2019

DECLARATION

I, the undersigned hereby affirm that this research project is my original work and has not been previously presented in part or in totality to any other institution of learning for the award of any degree or examination.

Lucy S. Nyakiore   D65/ 9604/2018

Signed ………………………… Date ……………………………

This research project has been submitted with my approval as the University supervisor.

Signed ……………………   Date …………………………

Dr. Raymond Musyoka

Lecturer

Department of Business Administration,

University of Nairobi.

ACKNOWLEDGEMENTS

DEDICATION

This research project work is dedicated with love and cherish to my mother, Ms. Martha Moraa who has been my pillar of support throughout my academic studies! Her love for me is immeasurable!

To my best friend, Wesley Nyamongo Edward, this is one of the special gifts for you! You energize me with fond memories!

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ABBREVIATIONS

FD1   Foreign Direct Investment

FMCG   Fast moving Consumer Goods

KAM   Kenya Association of Manufacturers

MNC   Multinational Corporation

MNE   Multinational Enterprise

NTT   New trade Theory

RBV   Resource Based Theory

ROA   Return on Assets

ROI   Return on Investment

ABSTRACT

Foreign marketing entry strategies have been significantly linked to influence an organization performance. There has been mixed results in the industrial investments in Kenya as new multinational manufacturing companies enter the Kenyan market while other relocates to other regional market. This has been mainly contributed by intense competitive environment created domestically and complemented by regional integration initiatives. The purpose of the study was to determine the effect of foreign market entry strategies on performance of multinational manufacturing firms in Nairobi County, Kenya. The independent variable for the study was foreign market entry strategies while the dependent variable was firm performance. The study employed descriptive cross- sectional design. The results were analyzed using social sciences (SPSS) computer software Version 25.0. From the results of correlation analysis, there is a positive and statistically significant correlation between foreign market entry strategies and firm performance of multinational manufacturing firms. Foreign market entry strategies were found to be satisfactory (R^2=90.6%) in explaining performance of multinational manufacturing firms. Regression analysis results showed that foreign market entry strategies had a positive and statistically significant relationship with the performance of multinational manufacturing firms. The study concludes that manufacturing multinational firms use more than one market entry strategy to venture into foreign markets. The foreign market entry strategies used include licensing, strategic alliance, joint venture, franchising and foreign direct investment. This study recommends for due diligence on licensing strategy before making entry to the market. Licensing is very critical to the growth of a manufacturing company. It is important for the manufacturing company to analyze properly this strategy as it has the potentials of restricting future activities of the company and reveal much other information that may give an advantage to future competitors. The study recommends that manufacturing companies within the same sector can join together to enhance their competitive in the market. Manufacturing companies using strategic alliance can share human resource competencies, resources and technological know-how to the advantage of the two companies. The study emphasizes the need for manufacturing companies to be more thoughtfully before entering into joint venture due to the level of high risks involvement. This is possible by involving industry experts to offer professional and practical advises regarding joint venture market entry strategies. The study recommends that multinationals firms should carry out research on prospective foreign markets to inform the choice of foreign market entry strategies. This is to ensure they use the appropriate entry strategy to positively influence the organization's performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

At the heart of global competition, one escalating incident is the involvement of local companies in industries across cross-cultural boundaries. Companies consistently explore opportunities to attain an edge above the ever-growing size of rivals. An organization may find that for some reasons, technological, regulatory or otherwise, it is necessary for the firm to focus on a wider geographical scope and get more involved in retail operations of its products and services (Naidoo, Donovan &Milner, 2016).Entry into new markets is a leading area that these firms can competitively explore in pursuit of prolonged performance. It is impractical for firms to drift away from new market entry (Ochola, 2015). These corporations are faced with entry challenges into certain markets at the verge of rapid development and emerging global dynamics.

The study was founded on three theories: Resource based view, new trade theory and internationalization theory. The Resource based view was founded by Wernefelt (1984) and assumes that deliberate managerial efforts are undertaken by firms which is steered towards gaining a sustainable competitive advantage. New trade theory (NTT) was coined by Paul Krugman (1991). It is based on the urge to institute the bases on which economics spur to new locations, and also their occurrence motive (Han, 2009). Lastly, Internationalization theory maintains that the approach employed by an organization to expand its business in the global markets can be assessed mainly through outward foreign direct investment (Kunday & Şengüler 2015).

Multinational corporations (MNC) have for a long time played a critical role in international trade and they are key players in the global economy through their activities in the host countries (Ogutu and Samuel, 2011). According to a survey by the World Bank, manufacturing in Kenya constitute more than 52% of the cost of manufactured goods therefore illustrating the extent to which other sectors depend on manufacturing sector. In Kenya, there are many multinational companies that operate in the manufacturing sector. The greatest challenge facing MNCs is fierce market competition forces and changing business priorities in the host countries (Ekaterina, 2008).

1.1.1 Foreign Market Entry Strategies

Foreign market entry strategy refers to arrangements plotted by an institution purposely to enter into a completely new market with its technology, products and human skills among other resources (Shama, 2011). Technological advancement has made the world a global village hence enhancing business transactions across the world. There is stiff competition among business organizations as each seeks to remain relevant in a dynamic environment. Firms have had to be more strategic in their operations in order to have advantage over their rivals in the industry. The firms may consider going into markets in a different geographical location beyond the national borders of the country where it's incorporated. When a firm establishes operations outside its home country, the new market can be termed as a foreign market (Rugman & Verbeke, 2004).

There are several ways of entering into international markets which include export of products, license issuance, franchising, joint ventures and direct foreign investment. Many firms begin with exporting in small scale and later grow the volumes exported once they realize the benefits in the foreign market (Buckley, 2005). Sharan (2003) classifies exports

2

into two types: direct and indirect export. Direct export is where a company sells the products markets abroad via agents. When you export indirectly the company uses intermediaries to reach consumers in the target market.

Licensing and franchising are contractual arrangements that enable a firm to set operations in a foreign country without making any direct investment. In a licensing agreement, the licensor grants licensee right to use its patents, copyrights, trademarks, or trade secrets in exchange for the payments of fees and loyalties. On the other hand, Franchising equally involves a business owner paying some fees to a parent company to gain trademark rights and business processes knowledge in order to sell its products (Arasa & Gideon, 2015).

In a joint venture strategy, the parent company enters into a partnership with the host company to form a third firm (Aydenet al, 2018). As a result, the parent company gains operational control and knowledge of the foreign market. This arrangement generates shared technology and capital that are in abundance as due to partnership. Lastly, Foreign Direct Investment is where firms establishes a stand-alone firm operating independently in a foreign country i.e. possession of amenities directly in the target country. This strategy can be completed through the creation of a new enterprise and the acquisition of the prevailing entity (Worthington& Britton, 2006).

1.1.2 Firm Performance

Richard, Devinney, Johnson and Yip (2009) defined organizational performance as fulfillment of the intended mission of the organization which is obtained through good management, persistent efforts and superior governance in order to achieve goals. The multiple performance criteria form on profit organizations includes responsiveness,

flexibility, cost, productivity, asset efficiency utilization and reliability (Chang, Tsui, & Hsu, 2013). An organization's performance is centered on the kind of activities that it carries out in fulfillment of its mission. End results are the observable aspects that determine an organization's performance (Valmohammadi & Servati, 2011).

Some other frequent performance measures include productivity, market share, profitability, growth, competitive position and stakeholder satisfaction (Kantor, 2001). Though, financial elements aren't the sole indicators of performance measurement of firms (Chesbrough, 2010); business performance is split into four dimensions, rational goals, internal processes, human relations and open system, where each is measured by whatever varies in its variables. There seem to be no agreement concerning the best or even the most sufficient measure of organization performance.

This is because many views exist as to what are the desirable outcomes of organizational effectiveness and because performance is often based on the theory and purposes of the research that is being performed (Carton & Hofer, 2006). Some use financial measures as a criterion to judge the success or failure of a decision or action. Performance measurement focuses on the internal processes to quantify how effective and efficient an act is, by use of a number of metrics.

According to Richard *et al.,* (2009) how an organization performs is centered on three outcome areas; financial performance in regards to profits, Return on Investment (ROI) and Return on Assets (ROA); performance of the product measured by market share, sales volume, returns made on investments by the shareholders entailing total shareholder return and economic value added. There are, however, challenges in using these measures; for starters most managers are unwilling to allow researchers access their financial records,

savings are inconsistent from year to year and environments are constantly changing which makes it difficult to compare the savings made years after (Richard *et al.,* 2009).

1.1.3 Multinational Manufacturing Firms in Nairobi Kenya

Multinational Manufacturing Industries are corporations with huge investments in foreign countries and are involved in management of these overseas investments (London and Stuart. 2004). Multinational Manufacturing Industries include fast food companies, Fast moving consumer goods (FMCG) manufacturers, motor vehicle assembly, consumer electronics companies and energy companies. Most of the largest multinational manufacturing Industries operate in many foreign markets. Based on data from Kenya Association of Manufacturers (KAM), the sector dealing with manufacturing plays a task which is vital overally in performance of a country's economy which contributes to the country's GDP and government revenue through taxes. Despite the small number of firms, Multinational corporations contribution in the manufacturing industry is significant, employing 88 percent of total labor force in the industry, with value added and value output of 74 percent and 88 percent respectively in 2005 (Central Bureau of statistics 2006).

Multinational Manufacturing companies play significant roles in the Kenyan economy. They fill savings, trade and revenue gaps while introducing sophisticated technological knowledge which is desirable and productive in Kenya. In addition, they engage in Corporate Social Responsibility activities that help in empowering local communities in education, health and environmental conservation. According to the Consumer insight report (2017), Kenya is the Second most preferred destination for multinational companies seeking to expand their operations. The group ranked Kenya at 23.17% after Nigeria which

had a score of 29.57%. Globally, Kenya was ranked fifth behind Saudi Arabia, Vietnam and Argentina which has a score of 24.69% 24.72% and 24.72% respectively.

1.2 Research Problem

Foreign marketing entry strategies have been significantly linked to influence an organization performance. Globally, most of the companies are using foreign marketing entry strategies as tools for attaining overall organization performance and competitive advantage. According to Naidoo, Donovan, Milner, (2016), foreign market entry strategies are developed and implemented by the organizations with the aim of increasing sales volumes and sales growth. Today's business environment is dynamic, complex and continually changing hence whichever market entry strategies global companies setting up in a country decide to use must be the most effective and efficient.

There have been mixed results in the industrial investments in Kenya as new multinational manufacturing firms enter the Kenyan market while others relocate to other regional markets. This has been mainly contributed by intense competitive environment created domestically and complemented by regional integration initiatives (Kenya Economic Report, 2017). Multinational manufacturing firms seek to increase their customer base for improved economics of scale, exploit available profit opportunities, counter global competition and meet the need for international in the global arena.

Various studies have been done by researchers on foreign market entry strategies which are used by most multinational corporations to get into various foreign markets. In China, Long (2017) found that china multinational companies used social media since it helps the key decision makers to gain more knowledge and ultimately boost their confidence when

making critical decisions on strategy. In Nigeria, Okokon & Adams (2018) research findings indicated that Nigeria multinational company's embraced marketing strategy through adjusting elements of marketing in products, promotion, price and place. Kazi (2017) established that the success of market entry strategies significantly depended on defense strategy of the incumbent firms, market regulations, operations and customer loyalty.

Locally, Sogo (2017) opined out that adoption of market entry strategies such as direct investment, joint ventures and acquisitions commercial banks in Kenya were improving their competitive advantage. In ICEA and Lion Group, Omondi (2017) found that the influence of mergers and acquisitions strategy on competitive advantage significantly depended on effective implementation of the strategy. Koech (2018) revealed that in implementing its market entry strategies, the Kenya Seed Company was facing challenges such as unfavorable regulations, currency fluctuations and sale of fake products.

From various studies above, it is evident that the earlier studies have not been exhaustive. This study sought to address a gap by determining the effect of foreign market entry strategies on performance of Multinational manufacturing firms in Nairobi Kenya. The study answered the following research question; do foreign market entry strategies affect performance of Multinational Manufacturing firms in Nairobi Kenya?

1.3 Research Objective

i.   To determine the effect of foreign market entry strategies on performance of multinational manufacturing firms in Nairobi County, Kenya.

ii.   To determine the challenges of market entry strategies of multinational manufacturing firms in Nairobi County, Kenya.

1.4 Value of Study

Business scholars and researchers may use this study results in citation of literature and develop gaps for future study. The findings are likely to add to existing body of knowledge regarding entry strategies for performance by shading light on the market entry strategies agreed leading to improved performance.

The study is very important to managers of multinational companies firms that have set up in Kenya. It will provide a clear indication of what the right foreign market entry strategies are to be adapted for success. Multinational companies wishing to venture into the Kenyan market may find this study extremely valuable as it will indicate the different market entry strategies that are best for their success. The findings may enlighten strategic managers on the best practices of decision-making regarding expansion across borders. Consultants may equally benefit from this study when developing recommendations along modes of market entry and their associated level of performance and survival in international business.

Additionally, the study may also benefit policy makers like Government and other agencies to form policies that will improve expansion of domestic firms into the foreign market. Policy makers like Government and other agencies will be endowed with knowledge about

entry into foreign markets and the ways domestic firms would explore such strategies as

beneficial opportunities for gaining competitive advantage.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature covers on key theories underpinning this study and empirical studies carried out in the area of foreign market entry strategies and Performance of Multinational manufacturing firms Nairobi Kenya. This chapter expounded on the research gaps which exists on foreign market entry strategies and Performance.

2.2 Theoretical Framework

The study was founded on three theories namely, internationalization, new trade and resource based theories.

2.2.1 Internationalization Theory

Internationalization theory which helps in analyzing the behavior of international businesses is the anchor theory for the current study. It explains the reasons why multinational corporations exercise ownership over knowledge-based, intangible, and firm-specific advantages. Advantages associated with knowledge emanate from transactional cost economics in which externalities are resolved through organizational hierarchy that overcomes market failure (Meng, 2014). Firms prefer to do their businesses globally to gain from international exposure, experience, knowledge, market trends and expand its market. Such firms aim at producing a superior product and service which can effectively meet diverse customer wants through guaranteeing them quality, value addition and tax benefits. International business provides a platform where firms can conduct their businesses globally and realize their full potential; this enables the firm to market its

products and services and to boost its sales. Internationalization theory asserts that research and development aids the firm in innovating new products or services that incorporate diverse needs and cultural diversity of customers across the work. This enables the firm to widen its scope of the market in the international arena (Gaur et al., 2014).

The theory holds that the firms should outsource ideas and concepts through outsourcing services and products from international firms that have specialized in certain products or services. This allows the firm to gain international exposure in its products and service offering by producing products or services that meet international standards. This enables firms to compete in the local and international markets hence contribute to increased sales. Some scholars critique the above theory by arguing that private companies were overlooked making private firms to be too passive. So, the theory was insufficient to explain the social phenomena. Some of the development of internationalization theory is that there has been a process of internationalization and there has been change in values and structure that characterizes an institution (.(Kunday & Senguler 2012). Mostly the internationalized process that occur through change of incentives are being offered to have an impact on individual's interaction with the organization.

2.2.2 New Trade Theory

Development of this theory is based on the urge to institute the bases on which economics spur to new locations, and also their occurrence motive (Han, 2009). The theory was developed by Paul Krugman (1991) while building on logistical metropolitan locations. In his examination, Krugman made use of the spatial equilibria models on distribution of service and goods, establishing the vision of internationalized returns. In simple terms, he

11

indicates that the theory is about the imperfect competition for global trade and the essence of increasing returns (Krugman, 2008).NTT considers two alternating forces that map economics to the pole: of which the first one combines aspects of transportation cost, economies of scale and economic share while the alternating one eclipses on avoidance of competition, land rates and economic incentives. Critics of NTT obscure their conscious on uncertainties posed by new markets, defining and limiting their confidence to organization's internal competency.

The NTT, according to Markusen and Venables (1998), gives a new element outlook that includes product differentiation, increased return to scale and imperfect market. This in view of Han (2009) is an enhancement of the trade theory. Further, the old model focuses on country specialization and comparative advantage. In a study by Krugman and Venables (1995), globalization is said to have a significant impact on location of manufacturers among countries. They also depicted that in a case where transformation costs shrink, trade is promoted to form a relationship that is said to be core-periphery. Critical review of the new elements that build up the new trade theory reveals the autonomy the globalized organization increases in the context of new markets and enhanced operations. Respectively then, justification on undertaking of multinational businesses is hereby blown in through the competitive advantages attained; that include aspects of labour, productivity and cultural influence. In summary, the recourse of multinational business normally translates to resource formations and improvements in competitive advantage, directly affecting the financial performance of firms.

2.2.3 Resource Based View Theory

This theory sets up importance of an organization to fabricate a crucial resources arrangement and packaging them together in remarkable and dynamic manner so as to increase the achievement of a firm Competitive advantage is dependent not, as customarily expected, on such factors as natural resources, innovation, or economies of scale, because these are progressively simple to imitate. In reality, human capital is an "invisible asset" Barney (2001).The RBV of the firm strengthens the idea that organizational success depend highly on people, as an important asset and that firms should nurture employees within a supportive work environment (Armstrong & Taylor, 2014). Terziovski (2010) encourage the improvement and nurture of workers inside a steady solid culture. A later and similarly essential strand has risen under the title "the talent-based view of the firm", that underlines prerequisite of the association in creating increment the talent and learning abilities of the representatives through talent obtaining and talent sharing and exchange, to accomplish competitive advantage. As indicated by the theory, equal organizations contend based on the heterogeneity and fixed status of their resources and capacities (Thompson, 2001).

Literature on the competitive advantage has taken a move and it has recognized that the inside resources have a significant task to carry out in the organization performance (Wright et al., 2009). The RBV of the firm offers significance to building exceptional, difficult to imitate and important resources and also a dynamic method to incorporate those resources to get an organisation's success. As indicated by resource based view, firm performance is reliant on the significant, uncommon and difficult to duplicate resources that dwell in the association and a conducive work environment is one of those scarce resources.

2.3 Foreign Market Entry Strategies

Foreign Market Entry Strategies include licensing, exporting, partnership, joint ventures, franchising, alliance and wholly-owned mode. Exporting strategy involves marketing and selling of locally produced products in a foreign market (Terpstra & Sarathy, 1997). As the traditional and the most established strategy, exporting involves the interaction of government of the foreign country, exporters, importers and transport providers. A transfer of value along with the packages happens among the four participants. The strategy reduces cost and risk as the parent company need not to produce the goods and packaged services in a new market. Luo (2001) recommends this strategy, more especially to those companies that lack sufficient experience and knowledge on international operations. In spite of the huge cut on operational cost, exporting strategy can be exposed the company to transportation costs, dependency on intermediaries to export and also trade barriers. Under this strategy, there exists three variant entry modes which include direct and indirect exporting (Hollensen, 2007). When referring to direct exportation, an experienced intermediary is identified in the foreign prospect market and allowed to document, price, handle and physically deliver the products. This kind of exporting allows the firm to have more control over where to sell, how to sell and whom to sell to. Direct exporting eliminates cultural and trade restrictions as the locally identified entity understands the market and can help deal with uncertainties and customers.

Strategic alliance is a relationship that is long-term established between two or more firms based on mutual respect and trust for each other (Chen & Messner, 2009). Alliances are established with an aim of furthering members' interests. Alliance is usually established with suppliers, customers, governments, financial institutions, contractors and engineers

among others. Strategic alliance helps in sharing technology, enhance global mobility, minimization of risks of investment, improvement of efficiency and strengthening competitiveness globally. In most cases, alliances are used alongside another globalization strategy. The strategy is based on three different types of implementation platforms (Jeannet& Hennessey, 2004). The first one is the technology-based alliance which allows firms to share technology-based capabilities. The second one is the production –based alliance which allows sharing of production capabilities and facilities. The other type is the distribution-based alliance which involves building the relationship with emphasis on the distribution channels.

Management contracting strategy is a mode of entry in which an expanding company creates their organization in the foreign environment. By this means, the investing company attains full control of the new one. In situations where, technical skills are not accessible in the host countries, management contracting strategy is suitable to avail the necessary management. As Buckley and Casson (2016) outline, exporting, licensing and franchising are mostly used by firms that have no market experience and are just planning to expand. Firms are believed, to begin with, less risky modes of entry then gradually get market knowledge that enables them to engage in more intensive strategies such as wholly-owned subsidiaries and management contracting.

In partnership, two partner firms co-own each other on equal terms and at all means (Osolaite, 2009). According to Kuder (2014), strategic partnership is a form of alliance that happens between two or more organizations whereby partners share resources to achieve a defined objective. The main difference between partnership and strategic alliance is that in alliance organizations agree to collaborate within limited involvement, without giving up

the status independence. While in partnership the involved parties agree to share losses and profits on equal proportions. Some partnerships take the joint venture perspective, whereby a separate entity is established and jointly owned and operated by the partners. However, some partnerships do not venture into a different entity but in the two already existing organizations. Through this perspective, the two firms own each other on equal terms.

2.5 Empirical Studies and Knowledge Gaps

Various scholars have undertaken several studies regarding foreign market entry strategies. In China, Long (2017) researched on social media use as a market entry strategy for multinational companies. The research adopted a case study research design with a basis on the open system theory. The study found that china multinational companies used social media since it helps the key decision makers to gain more knowledge and ultimately boost their confidence when making critical on decision making strategy.

In Nigeria, Okokon and Adams (2017) did an appraisal of multinational companies' marketing strategies utilized in Nigeria. The study made use of inferential statistics that are descriptive. This research's finding indicated that Nigeria multinational company's embraced marketing strategy through adjusting a elements of marketing in products, promotion, price and place. This assisted in meeting competitions and local preferences.

Akenga and Olang' (2017) study also sought to examine the effect of a merger and acquisition on performance of Kenya's commercial banks financially. A census approach was adopted in which all the 6 banks that underwent mergers and acquisitions between 2010 and 2017 were considered. The study found that this phenomenon has a positive impact on shareholders' wealth and the general asset value of merged or acquiring banks.

Conceptual gap exists as this study focus on effect of M&A on financial performance; contextual gap arise since it focuses on commercial banks in Kenya, it adopted a census approach and on secondary data. Barasa (2018) researched on foreign multinational pharmaceutical firms' market entry strategies used in entering the Kenyan market. The study used both descriptive and cross-sectional research designs and target population was 15 multinationals dealing with pharmaceutical products. The results revealed that these companies were experiencing obstacles such as trademarks and copyrights, economic challenges, safety and counterfeiting challenges.

Kazi (2017) carried out a study on the challenges facing South African Breweries limited in implementing foreign market entry strategies in the Kenyan market. The research used descriptive research design and found that the success of market entry strategies significantly depended on a defense strategies of the incumbent firms, market regulations and operations and customer loyalty. The main challenges that were facing South African Breweries limited included local regulations, stiff competition, aggressive counter attack reactions and market dominance of East African Breweries Limited. Koech (2018) carried out a study on foreign market entry strategies utilized by Kenya Seed Company limited and the main challenges faced. A case study research design limits the study to Uganda, Tanzania and Rwanda. The results revealed that in implementing its market entry strategies, the Kenya Seed Company was facing challenges such as unfavorable regulations, currency fluctuations and sale of fake products.

Yanan, Hamza and Basit (2017) finds that mergers and acquisition strategy improves profitability of a firm and grows its market share. Moreover, the value of stockholders also improves. A conceptual gap exists as this study's focus is on effect of M&A on financial

performance. A contextual gap also exists because the study was conducted in USA while this study has Kenya as its context. In India, Imbach et al. (2017) researched on the market entry challenges for Swiss companies. Using a survey research design, the study obtained data from 45 practitioners from India Competence Center. The results indicated that the challenges facing market entry for Swiss companies to India include workforce management, market requirements, corruption triangle and legal requirements.

There have been several studies on foreign market entry strategies in the multinational companies but some of these were conducted in other world regions. The environment in USA and other regions of the world are so different from Kenya and the findings cannot be applied in this context without further studies. The local studies focused on aspects other than how strategies of entering the foreign market impact firm performance. Therefore study filled a gap of knowledge which previously existed.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the research methodology that entailed research design, population of the study, sampling design, data collection instruments, data collection procedures and data analysis.

3.2 Research Design

This research adopted descriptive cross-sectional design. It is ideal when dealing with small populations. The design answers pertinent questions such as where, what, who, when and at times how. It enables respondents to give more information freely. The census method helped in assembling information required to foreign market entry strategies adopted. The design also allowed the investigator to deeply gather information regarding study population under study.

3.3 Population of the Study

Population consists of all the cluster of objects, individuals, items, articles, or things having mutual features that exist in space at that moment that are significant to research findings. The population for this study was 45 multinational companies in the manufacturing operating in Nairobi, Kenya (See Appendix II) as identified by KAM. The study adopted census approach.

3.4 Data Collection

Both secondary and primary data were used in the study. Primary data was collected through various ways; observations, personal interview, telephone interviews or through questionnaires (Kothari, 2004). This study depended on primary data which that were collected through the questionnaire method. The researcher settled on the questionnaires because it's a more economical method, less time consuming and the data collected is free from the researcher's bias. The questionnaires were issued to marketing managers of the company that is one questionnaire per company. The structured questionnaires had close-ended and open-ended questions. It consisted structured responses which bring out more tangible recommendations. A Likert scale with five responses was used.

The Likert scale is suitable in measuring extent of agreement or disagreement. Likert agreement scales are suitable when measuring perception. The ratings on various attributes are tested using the closed ended questions which help in the reduction of responses that are related so as to obtain responses that are more varied. The research instruments were personally administered by researcher to respondents.

3.5 Data Analysis

Data gathered through questionnaires was checked for accuracy and completeness. Descriptive analysis focused on working out measures of central tendency and measures of dispersion. Standard deviation is most widely used measure of dispersion. It was used to measure the amount of variation of a set data of values. This analysis presented results by use of tables and also charts.

Correlations and regression analysis were calculated to draw inferences to the entire population. Multiple linear regression model was applied in analysis of quantitative data as it involved one dependent variable and many independent variables. This was applied in analysis of establishing if a relationship exists between a dependent variable and one or more independent variables or not. The used multiple linear regression model was shown below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon.$$

Where;

Y = Organization performance

β_1 to β_5 are the regression coefficients

β_0 = the Constant term

X_1 = Licensing

X_2 = Strategic alliance

X_3 = Joint venture

X_4 = Exporting

X_5 = Foreign direct Investment

ε = Error term

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter entails findings, results and variable interpretations. This encompasses rate of response, company profile information, the descriptive, correlation and regression analyses. Independent variables were licensing, strategic alliance, joint venture, franchising and foreign direct investment and in which way performance regarding multinational manufacturing firms was affected in Nairobi Kenya.

4.2 Response Rate

Forty-five (45) questionnaires were given out to the respondents. The study realized that some respondents were not willing to fill in the questionnaires despite taking them with them. After, follow up and constant reminders the researcher managed to collect 42 questionnaires which had been filled properly. These results are shown in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	42	93.3%
Unreturned	3	6.7%
Total	**45**	**100%**

Source: Research Data (2019)

Results showed that this study realized a response rate of 93.3% as the researcher managed to collect back 42 questionnaires. This rate of response is seen as satisfactory in conclusion of study. Bailey (2000) stated a rate of response of 50% is adequate while that more than 70% is deemed to be very good. Thus, on the basis on this assertion, a response rate of

93.3% then is very good. The procedure of collecting data would have led to the high rate of response. These included use of competent research assistants, notifying the respondents before the actual engagement, ensuring that the respondents participated voluntarily; the choice of drop and pick later method created an allowance for respondents to fill in questionnaires; assuring respondents that their identity would be concealed and that information given would be kept confidential. The researcher also gave guidance to the respondents through follow up calls.

4.3 Distribution of respondents by demographic characteristics

In order for this study to analyze foreign market entry strategies and multinational manufacturing firms' performance, it was considered important to establish the background information of the manufacturing companies which included period work, branches and number of employees. This was inspired by the need to establish whether there exists any close relationship among company profile' and performance. The company profile information is presented in Table 4.2.

Table 4.2: Company profile

Company profile	Frequency	Percent
Period of working		
Less than 5 years	11	26.2
5-10yrs	24	57.1
More than 10 years	7	16.7
Branches		
Less than 5	9	21.4
5-10	26	61.9
Above 10	7	16.7
Number of employees		

Less than 50	4	9.5
50-100	10	23.8
101-200	22	52.4
Above 200	6	14.3

Source: Research Data (2019)

Table 4.2 indicate that most respondents (57.1%) had been working for 5-10 years, 26.2% for less than 5 years and 16.7% for more than 10 years. The results imply that most respondents had worked for quite long time hence experiencing enough to the benefit of the manufacturing sector.

Results further showed that majority 61.9% had 5-10 branches, 21.45 had less than 5 branches while 16.7% had more than 10 branches. The results imply that manufacturing companies have diversified by opening up more branches to increase market share.

Company profile results in Table 4.2 further made indication that most of 52.4% of companies had employee size of 101-200 employees, 23.8% had employee size of 50-100 employees, 14.3% of manufacturing companies had employees size of more than 200 while 9.5% of manufacturing companies had less 50 employees. The results imply that most manufacturing companies are midsize.

4.4 Descriptive Analysis

Descriptive statistics for licensing, strategic alliance, joint venture, franchising, foreign direct investment and multinational manufacturing firms' performance in Nairobi, Kenya are presented. Likert scale having options of 1 = strongly disagree, 2 = Disagree, 3 =

Uncertain, 4 = Agree and 5 = strongly agree was employed in describing the responses from the participants.

4.4.1 Licensing and performance of multinational manufacturing firms

The study sought to assess licensing and performance of multinational manufacturing firms. The results were presented in form of mean and standard deviations. The results of this study are as depicted in Table 4.3.

Table 4.3: Licensing and performance of multinational manufacturing firms

Licensing	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Licensing enhances access to quality services of the firm	9.5%	4.8%	4.8%	54.8%	26.2%	3.8	1.2
The licensing of the firm assists to protect intellectual property against cancellation.	9.5%	11.9%	9.5%	40.5%	28.6%	3.7	1.3
The trade name of the firm was acquired from the parent firm.	7.1%	7.1%	7.1%	57.1%	21.4%	3.8	1.1
Licensing strategy permits fuller replication of the internal structures and normative values, with less internal disruption.	9.5%	14.3%	2.4%	45.2%	28.6%	3.7	1.3

Source: Research Data (2019)

Table 4.3 showed that most respondent consented that licensing enhances access to quality services of the firm (Mean 3.8, Std Dev 1.2). The results showed that most respondents affirmed that licensing of the firm assists to protect intellectual property against cancellation (Mean 3.7, Std Dev 1.3). Results showed that most respondents posited that the trade name of the firm was acquired from the parent firm (Mean 3.8, Std Dev 1.1). Further, majority of respondents reiterated that licensing strategy allows greater replication of internal structures and normative values, having less internal disruption (Mean 3.7, Std Dev 1.3).

Licensing also creates room for business providing unique services or those that possess unique assets to enter the market. The agreements regarding licensing allows access to foreign market via foreign production with no necessary investment in foreign locations. Unique assets encompass the name of a brand, technology, design of product and procedure of manufacturing or services provision. The licensor has control over licensee than when compared to its own productions and sales facilities. Licensing helps firms to overcome the problem of high transportation costs that might occur in exporting. Additionally, in the event that the licensee has great success, it is likely that the licensing firm may have foregone some profits. In such a scenario, once the contract lapses, it may dawn on the company that it ended up giving room for competition. Evading this requires that the licensing company hordes some rights such as becoming the sole supplier of key ingredients requisite for production of the product. However, the licensor's best strategy is leading in innovation and ensuring licensee is not independent.

4.4.2 Strategic alliance and performance of multinational manufacturing firms

The researcher sought to examine strategic alliance and multinational manufacturing firms' performance. Results were shown in form of mean and standard deviations. Table The results are showed in table 4.4 below.

Table 4.4: Strategic alliance and performance of multinational manufacturing firms

strategic alliance	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
The firm usually shares profits and resources with the partner firm.	9.5%	9.5%	4.8%	47.6%	28.6%	3.8	1.2
Strategic alliance helps the firm to obtain sustainability in the competitive business arena	7.1%	16.7%	9.5%	40.5%	26.2%	3.6	1.2
Strategic alliance results in higher levels of absolute growth for the firm	4.8%	9.5%	9.5%	57.1%	19.0%	3.8	1.0
Entering into strategic alliances with local partners facilitated the setting of our firm business in Kenya.	7.1%	11.9%	9.5%	52.4%	19.0%	3.6	1.1

Source: Research Data (2019)

Table 4.4 demonstrated that most respondent agreed that the firm usually shares profits and resources with the partner firm (Mean 3.8, Std Dev 1.2). The results also illustrated that most respondents were in agreement that strategic alliance helps the firm to obtain sustainability in the competitive business arena (Mean 3.6, Std Dev 1.2). The results indicated that most respondents reiterated that strategic alliance results in higher levels of

absolute growth for the firm (Mean 3.8, Std Dev 1.0). It was also established that majority of participants agreed that entering into strategic alliances with local partners facilitated the setting of our firm business in Kenya (Mean 3.6, Std Dev 1.1).

Strategic alliances entail the coming together of two distinct companies with an aim of working together drawing from each company's strength. This could either be in the form of co-ownership or signing a special contract. Programs involving advertising are a type of an alliance in strategy, as are joint research and development programs. In most cases, strategic alliances result to loss of competitive advantage, more so for small companies. Nonetheless, the small companies opt to engage in strategic alliance to leverage on the big company's presence in international markets.

4.4.3 Joint venture and performance of multinational manufacturing firms

The study statistically described joint ventures and the performance of multinational manufacturing firms. The results were then shown via mean and standard deviations. These results are depicted in Table 4.5.

Table 4.5: Joint venture and performance of multinational manufacturing firms

Joint venture	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Joint venture requires less cost of investment in foreign country.	9.5%	11.9%	4.8%	45.2%	28.6%	3.7	1.3
Joint venture strategy enables the firm to establish new markets without providing products and services which would be	7.1%	11.9%	2.4%	47.6%	31.0%	3.8	1.2

unprofitable if operated alone.							
Joint venture strategy leads to enhanced global service networks for the firm.	4.8%	9.5%	21.4%	38.1%	26.2%	3.7	1.1
Joint venture strategy increases market share for the firm	7.1%	14.3%	9.5%	40.5%	28.6%	3.7	1.2

Source: Research Data (2019)

Table 4.5 depicts that a high proportion of the respondent consented that joint venture requires less cost of investment in foreign country (Mean 3.7, Std Dev 1.3). Results demonstrated that most respondents agreed that joint venture strategy enables the firm to establish new markets without providing products and services which would be unprofitable if operated alone (Mean 3.8, Std Dev 1.2). Results again revealed most respondents agreed that joint venture strategy leads to enhanced global service networks for the firm (Mean 3.7, Std Dev 1.1). It was furthermore this was established, a majority of participants agreed that joint venture strategy increases market share for the firm (Mean 3.7, Std Dev 1.2).

Joint ventures come to existence when different primary companies share the ownership in a secondary company. This type of arrangement enables a primary company to invest in another secondary company without having to be fully engaged in running the company. There are many forms of joint ventures. The decisions regarding how, whom and what information to share are all vital to the success of joint ventures. Majority of the joint ventures crush due to lack of agreement regarding objectives and the difficulty in solving

conflicts. They make international entry effective in the event that partners are complementary, nevertheless thoroughly preparing for a joint venture is vital for firms.

4.4.4 Franchising and performance of multinational manufacturing firms

The researcher sought to establish the influence of franchising on multinational manufacturing firms' performance. The results were presented in form of mean and standard deviations. The results are presented in table 4.6.

Table 4.6: Franchising and performance of multinational manufacturing firms

Franchising	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Exporting requires less cost of investment in a foreign country.	11.9%	16.7%	9.5%	28.6%	33.3%	3.5	1.4
Exporting strategy results in higher levels of absolute growth for the firm	4.8%	16.7%	9.5%	52.4%	16.7%	3.6	1.1
Exporting strategy enhances profitability of the firm	7.1%	16.7%	11.9%	33.3%	31.0%	3.6	1.3
Exporting strategy has resulted into growth of the firm	14.3%	14.3%	4.8%	35.7%	31.0%	3.5	1.4

Source: Research Data (2019)

Table 4.6 showed that a higher proportion of respondent posited that exporting requires less cost of investment in a foreign country (Mean 3.5, Std Dev 1.4). The results also demonstrated that a high proportion of the respondents agreed that exporting strategy results in higher levels of absolute growth for the firm (Mean 3.6, Std Dev 1.1). The results

also illustrated that most respondents reiterated that exporting strategy enhances profitability of the firm (Mean 3.6, Std Dev 1.3). It was also found out that most participants were in agreement that exporting strategy has resulted into growth of the firm (Mean 3.5, Std Dev 1.4).

Franchising is characterized by a single manufacturing company becoming the sole supplier of intangible property to other firms. Franchising is known to work well for manufacturing companies. In as much use of franchise model can yield the capability of having a strong and distinct brand recognition internationally, there is need for caution as these model of entering the market can create competition in the future in the field of the franchisee.

4.4.5 Foreign direct investment and performance of multinational manufacturing firms

This study sought establishment of influences regarding foreign direct investment on multinational manufacturing firms' performance. The study results are depicted by Table 4.7.

Table 4.7: Foreign direct investment and performance of multinational manufacturing firms

Foreign direct investment	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Foreign Direct Investment was the avenue that my firm adopted in entering the Kenyan market.	14.3%	7.1%	9.5%	40.5%	28.6%	3.6	1.4

Foreign direct investment affects exchange rates.	2.4%	9.5%	7.1%	40.5%	40.5%	4.1	1.0
Through foreign direct investment the firm has being able to get additional expertise, technology and products.	11.9%	7.1%	9.5%	33.3%	38.1%	3.8	1.4
Foreign investors have increased a workforce's productivity since the establishment of the firm.	7.1%	9.5%	7.1%	40.5%	35.7%	3.9	1.2

Source: Research Data (2019)

Table 4.7 demonstrated that majority of respondent consented that foreign Direct Investment was the avenue that their firm adopted in entering the Kenyan market (Mean 3.6, Std Dev 1.4). The results also depicted that a high proportion of the respondents posited that foreign direct investment affect exchange rates (Mean 4.1, Std Dev 1.0). The results also illustrated that a higher proportion of the respondents agreed that through foreign direct investment the firm has being able to get additional expertise, technology and products (Mean 3.8, Std Dev 1.4).The respondents pointed out that foreign investors have increased a workforce's productivity since the establishment of the firm (Mean 3.9, Std Dev 1.2).

The fact that foreign direct investments yield many economic benefits in the manufacturing sector makes many countries to come up with strategies of attracting the same. This strategy can be completed through the creation of a new enterprise and the acquisition of the prevailing entity

4.4.6 Performance of multinational manufacturing firms

The study sought to examine the performance state of multinational manufacturing firms. Results were presented in form of mean and standard deviations. The results are showed in table 4.8.

Table 4.8: Performance of multinational manufacturing firms

Firm performance	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree	Mean	SD
Firm overall sales have grown over the last 3years.	7.1%	7.1%	2.4%	40.5%	42.9%	4.0	1.2
Firm's profitability has improved over the last 3years.	11.9%	2.4%	4.8%	42.9%	38.1%	3.9	1.3
The firm return of investment has been increasing over the last three years	7.1%	11.9%	4.8%	45.2%	31.0%	3.8	1.2
Increased referral reflects customer satisfaction.	2.4%	9.5%	2.4%	50.0%	35.7%	4.1	1.0
Customer retention is key for growth of the firm	0.0%	2.4%	7.1%	61.9%	28.6%	4.2	0.7
Continuity improvement in customer loyalty due to better services	7.1%	7.1%	2.4%	38.1%	45.2%	4.1	1.2
There has being efficiency in operation management of the firm.	4.8%	7.1%	2.4%	52.4%	33.3%	4.0	1.0
There has being reduction of administration cost.	4.8%	4.8%	2.4%	54.8%	33.3%	4.1	1.0
The firm has been releasing innovative and differentiated services over a period of time.	9.5%	4.8%	4.8%	45.2%	35.7%	3.9	1.2

The firm allocates funds for employee training.	4.8%	4.8%	2.4%	50.0%	38.1%	4.1	1.0
There is personal and career growth and development of employees in the firm.	9.5%	4.8%	2.4%	47.6%	35.7%	4.0	1.2
The employees have a positive attitude and deliver excellent customer service.	2.4%	4.8%	9.5%	35.7%	47.6%	4.2	1.0

Source: Research Data (2019)

Table 4.8 demonstrated that a higher proportion of respondent reported growth of overall firm sales over the last 3years (Mean 4.0, Std Dev 1.2). The results also portrayed that most respondents were in cited improvement in the firm's profitability over the last 3 years (Mean 3.9, Std Dev 1.3). Results demonstrated that a high proportion of the respondents reiterated that firm return of investment has been increasing over the last three years (Mean 3.8, Std Dev 1.2). Most participants further noted that increased referral reflects customer satisfaction with (Mean 4.1, Std Dev 1.0).

Descriptive results further made indication of most of respondents being in agreement that retention of customers is key for growth of the firm (Mean 4.2, Std Dev 1.7). The results illustrated a higher respondent proportion agreeing that continuity improvement in customer loyalty is due to better services (Mean 4.1, Std Dev 1.2). Results indicated most respondents agreed that there has being efficiency in operation management of the firm (Mean 4.0, Std Dev 1.0). Results also revealed that most participants agreed that there has being reduction of administration cost (Mean 4.1, Std Dev 1.0).

This study also made an establishment that most respondent agreed the firm has been releasing innovative and differentiated services over a period of time (Mean 3.9, Std Dev

1.2). The results depicted that a higher proportion of the respondents agreed that the firm allocates funds for employee training (Mean 4.1, Std Dev 1.2). Further, results demonstrated that most respondents agreed that there is personal and career growth and development of employees in the firm (Mean 4.0, Std Dev 1.2). Employees had a positive attitude and deliver excellent customer service (Mean 4.2, Std Dev 1.0).

4.5 Correlation Analysis

Preliminary analysis was conducted to establish whether there were significant associations between licensing, strategic alliance, joint venture, franchising and foreign direct investment and multinational manufacturing firms' performance in Nairobi, Kenya. Pearson's product-moment correlation coefficient (r) helped in establishing whether there was any association between the variables, and if any, by what magnitude and is the association negative or positive. The range of the coefficient (r) for pearson's product-moment correlation was ± 1 with very low coefficients showing weak association, zero demonstrating no relationship, medium coefficients showing moderate association and high coefficients showing strong associations (Esther- Smith, Thorge & Love, 1999). The association between variables is significant if the calculated p value is less than 0.05 ($p<0.05$). The results are presented in Table 4.9.

Table 4.9: Correlation Coefficients Matrix

		Firm performance	Licensing	strategic alliance	Joint venture	Franchising	FDI
Firm performance	Pearson Correlation	1.000					
	Sig. (2-tailed)						
Licensing	Pearson Correlation	.871**	1.000				

	Sig. (2-tailed)	0.000					
strategic alliance	Pearson Correlation	.676**	.624**	1.000			
	Sig. (2-tailed)	0.000	0.000				
Joint venture	Pearson Correlation	.785**	.724**	.445**	1.000		
	Sig. (2-tailed)	0.000	0.000	0.003			
Franchising	Pearson Correlation	.790**	.708**	.438**	.647**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.004	0.000		
Foreign direct investment (FDI)	Pearson Correlation	.857**	.767**	.588**	.681**	.652**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	
** Correlation is significant at the 0.01 level (2-tailed).							

Source: Research Data (2019)

Table 4.9 results indicated presence of strong significant positive association between licensing and multinational manufacturing firms' performance (r=.871, p=0.000<0.05). A licensee obtains licenses from a licensor for ownership of some intangible property (such as processes, patents, copyrights, trademarks) with an agreement to make some payment inform of loyalty to the licensor. Due to risk involved in foreign investment, most companies opt to give production rights to companies based in the foreign country to do the production on their behalf. By so doing they gain access to the foreign market without the need to invest in the foreign location. The results agree with Arasa and Nduku (2015) that licensing influences performance of manufacturing multinational companies.

Results furthermore showed existence of significant positive association between strategic alliance and multinational manufacturing firms' performance (r=.676, p=0.000<0.05). Strategic alliances entail the coming together of two distinct companies with an aim of working together drawing from each company's strength. This could either be in the form of co-ownership or signing a special contract. Programs involving advertisement are a type of alliance strategically, as are the programs in joint research and development. The results agree with Nakundi (2016) that strategic alliance positively affects performance of foreign investment companies.

Results further indicated presence of significant positive association between joint venture and multinational manufacturing firms' performance (r=.785, p=0.000<0.05). Joint ventures come to existence when different primary companies share the ownership in a secondary company. This type of arrangement enables a primary company to invest in another secondary company without having to be fully engaged in running the company. There are many forms of joint ventures. The decisions regarding how a firm conducts its sharing of information are vital to success of a a joint venture. Majority of joint ventures fail since partners fail to agree pertaining objectives and have difficulties in solving conflicts. Joint ventures formation gives a primary company access to the international market in a scenario where partners are complementary, nevertheless firms have to be thoroughly prepared for a joint venture. The primary manufacturing company accrues various benefits by engaging in joint ventures such as access to international market and leveraging on the expertise of the company in the foreign country. Additionally, it benefits from the prevailing economic and political environment. On the other hand, the local company also benefits in various ways such as through accessing capital injections and

innovations in technological. The level of control of local and foreign firms in joint ventures rely on agreement and legal limitations. These results are in line with Azuayi (2016) who posited that joint venture is an important strategy when entering the foreign market thereby enhancing performance of a firm.

Results furthermore indicated significant positive association between franchising and performance of multinational manufacturing firms (r=.790, p=0.000<0.05). Franchising is a complex strategy used to enter the market. This involves creation of business relationships by a big/parent company with small companies. The parent company gives permits to the small companies to sell its products as well as use its brand name. At the centre most franchising literature is a theme which states that franchising minimizes the principle agent problem between franchise company owner and local establishment operator through turning the operator into owner-franchisee of the establishment. A contractual agreement defines how the parent company and the franchise are going to relate. The results agree with Sukali (2017) that franchising employed by manufacturing companies as a tool for revenue growth and for greater global integration.

Results furthermore indicated a strong positive and significant association between foreign direct investment and performance of multinational manufacturing firms (r=.857, p=0.000<0.05). Foreign direct investment comes to existence when a company in a foreign country has intentions in investing in a local company. This involves formation of a lasting relationship between the two companies whereby the direct investing enterprise confers some a portion of managerial powers to the direct investor. The direct investor, in this case, is in control of the direct investing enterprise operations including production. Nonetheless, these requires maximization of use of resources. The results agree with Garcia-Fuentes,

Ferreira, Kennedy and Perez (2013) that foreign direct investment activity plays a vital mandate regarding financial strength of foreign multinational manufacturing firms. As per Chang and Rhee (2011) a demonstration is made that for manufacturing companies having capabilities as well as prime internal resources, foreign direct investment growth leads to improved performance. Moreover, Ekienabor, Aguwamba and Liman (2016) revealed that foreign direct investment significantly impacts on manufacturing companies performance positively.

4.6 Regression

Regression analysis for licensing, strategic alliance, joint venture, franchising and foreign direct investment and their effect on multinational manufacturing firms' performance in Nairobi Kenya is discussed in this section. Regression analysis has several facets namely model fitness, ANOVA tests and coefficients of regression. The Table 4.10 shows model summary.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.952[a]	.906	.893	.23194
a. Predictors: (Constant), foreign direct investment, strategic alliance, franchising, joint venture, licensing				

Source: Research Data (2019)

Licensing, strategic alliance, joint venture, franchising and foreign direct investment were considered sufficient to explain multinational manufacturing firms' performance as reflected by R squared of .906. This meant that licensing, strategic alliance, joint venture, franchising and foreign direct investment explain 90.6% of the variance of performance of

multinational manufacturing firms. Technological advancement has made the world a global village hence enhancing business transactions across the world. There is stiff competition among business organizations as each seeks to remain relevant in a dynamic environment. Firms have had to be more strategic in their operations in order to have advantage over their rivals in the industry. The manufacturing firms may consider going into markets in a different geographical location beyond the national borders of the country where it's incorporated. When a firm establishes operations outside its home country, the new market can be termed as a foreign market. Table 4.11 presents the ANOVA results.

Table 4.11: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	18.703	5	3.741	69.531	.000[b]
	Residual	1.937	36	.054		
	Total	20.640	41			
a. Dependent Variable: Manufacturing firm performance						
b. Predictors: (Constant), foreign direct investment, strategic alliance, franchising, joint venture, licensing						

Source: Research Data (2019)

Results make indication of overall model being significant statistically. Furthermore, results imply licensing, strategic alliance, joint venture, franchising and foreign direct investment are good predictors of the multinational manufacturing firms' performance. An F statistic of 69.531 was in support of this, that was greater than critical F-statistic of 2.48 and the reported p value (0.000) which was less than conventional probability of 0.05 significance level. The findings for F calculated (69.531) was also compared against the F critical value ($F_{5, 36}$) of 2.48 calculated from the F tables. Since the F calculated was greater than F critical (69.531) > (2.48), the model is significant. Multinational companies are a force to reckon with as far as development of competitive forces is concerned. These

companies' main goal is the adoption of the appropriate market entry strategy that will ensure proper utilization of resources and maximization of revenue. There are various market entry strategies. However, these strategies can be categorized into operational or marketing. Marketing entry strategies constitute exporting and licensing while operational entry strategies constitute of foreign direct investment, franchising, and joint venture. Table 4.12 presents the regression of coefficient. To interpret the regression coefficient results, calculated p value is compared with 0.05 level of significance. If the p value is less than 0.05, then the relationship between variables is significant otherwise insignificant.

Table 4.12: Regression of coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.753	.273		-2.759	.009
Licensing	.256	.104	.243	2.469	.018
Strategic alliance	.190	.077	.167	2.485	.018
Joint venture	.197	.086	.181	2.282	.029
Franchising	.263	.086	.234	3.065	.004
Foreign direct investment	.315	.092	.296	3.417	.002
a. Dependent Variable: Manufacturing firm performance					

Source: Research Data (2019)

Optimal Manufacturing firm performance Model

$$Y = -.753 + .256X_1 + .190X_2 + .197X_3 + .263X_4 + .315X_5$$

Where

Y = Performance of multinational manufacturing firms

X_1 = Licensing

X_2 = Strategic alliance

X_3 = Joint venture

X_4 = Franchising

X_5 = Foreign direct investment

The constant value of -.753 means that in the absence of licensing, strategic alliance, joint venture, franchising and foreign direct investment, performance of multinational manufacturing firms is on the negative. This implies that licensing, strategic alliance, joint venture, franchising and foreign direct investment are critical factors affecting performance of multinational manufacturing firms.

Results demonstrated that a positive and significant relationship exists between licensing and performance of multinational manufacturing firms ($\beta=0.256$, $p=0.018$). The regression of coefficient implies that if licensing process are improved by one unit, performance of multinational manufacturing firms increases by 0.256 units.). A licensee obtains licenses from a licensor for ownership of some intangible property (such as processes, patents, copyrights, trademarks) with an agreement to make some payment inform of loyalty to the

licensor. This presents benefits to both the licensor and the licensee in the sense that the licensor accesses entry to a new market at a low cost while the licensee leverages on th licensor's company expertise and gets to use its already popular brand name. The results agree with Arasa and Nduku (2015) that licensing influences performance of manufacturing multinational companies.

The results also revealed that there exists a positive and significant relationship between strategic alliance and performance of multinational manufacturing firms ($\beta=0.190$, $p=0.018$). The regression of coefficient implies that if strategic alliance increases by one unit, performance of multinational manufacturing firms increases by 0.190 units. Strategic alliances entail the coming together of two distinct companies with an aim of working together drawing from each company's strength. This could either be in the form of co-ownership or signing a special contract. advertising programs are a form of strategic alliance, as are joint research and development programs. The results agree with Nakundi (2016) that strategic alliance positively affects performance of foreign investment companies.

Results also showed existence of a positive and significant relationship between joint venture and performance of multinational manufacturing firms ($\beta=0.197$, $p=0.029$). The regression of coefficient implies that as joint venture increases by one unit, performance of multinational manufacturing firms increase by 0.197 units. Manufacturing companies make decisions to form Joint Venture Company with an aim enhancing its growth as it may not have the financial muscle which it gets from the foreign company. On the other hand, the most foreign companies form joint venture to enter international markets. Joint ventures

can also prevent a multinational company from carrying out specific manufacturing and marketing policies on a worldwide basis. The results are in line with Mutambah (2012) who opined that formation of joint venture make it possibility for complementary partners to enter international markets.

Franchising and multinational manufacturing firms' performance were also found to be positively and significantly related (β=0.263, p=0.004). The regression of coefficient implies that as franchising increases by one unit, performance of multinational manufacturing firms increase by 0.263 units. In a franchise agreement the franchisor sells some of its right to the franchisee company. Hence, to be successful in the formation of a franchise a franchisor must be in possession of something that a franchisee needs. This could be a brand name, products, or process. Being able to strike a balance and manage to retain control over rights given out by a franchisor is paramount for there to be successful franchising. The results are in line with Sveum and Sykuta (2019) that franchising influences firm performance.

Finally, it was evident that foreign direct investment and performance of multinational manufacturing firms were positively and significantly related (β=0.315, p=0.002). The regression of coefficient implies that as foreign direct investment increases by one unit, performance of multinational manufacturing firms increase by 0.315 units. Foreign direct investment involves owning assets in a foreign country. The ownership may be in form of capital injections, technological innovation, and expertise. Foreign direct investment can be formed through acquisition or formation of a new enterprise. The results are in line with Khan, Wu and Kang (2014) that foreign direct investment influences performance of

Taiwanese manufacturing companies. According to Konara and Wei (2017) foreign direct investment acts as a catalyst for domestic firm growth of manufacturing companies.

4.7 Discussion of Research Findings

The study revealed that licensing, strategic alliance, joint venture, franchising and foreign direct investment explain 90.6% explain 90.6% of the variance of performance of multinational manufacturing firms. Increasing levels of competition among manufacturing companies with other players entering the Kenyan market requires formulation of better strategies to enter the market so as enhance performance. As a result manufacturing companies must adopt a number of strategies including franchising, strategic alliances, joint venture, foreign direct investments to counter competitive challenges.

The optimal model of the study indicated that in the absence of licensing, strategic alliance, joint venture, franchising and foreign direct investment, performance of multinational manufacturing firms is on the negative. This implies that licensing, strategic alliance, joint venture, franchising and foreign direct investment are critical factors affecting performance of multinational manufacturing firms.

The beta coefficients showed that licensing and performance of multinational manufacturing firms have a positive and significant relationship. The regression of coefficient implies that if licensing process are improved by one unit, performance of multinational manufacturing firms increase by the same number of units. Licensing creates an easy way to engage in the international marketing. The licensing agreement gives access to foreign markets through foreign production without the necessity of investing in the

foreign location. The results agree with Arasa and Nduku (2015) that licensing influences performance of manufacturing multinational companies.

It was noted that strategic alliances are positively and significantly related with performance of multinational manufacturing firms. The regression of coefficient implies that if increase in the level of strategic alliance by one unit spurs a similar increase in the level of performance of multinational manufacturing firms. Strategic alliances are formed through signing of agreements between two or more companies with an aim of leveraging of each other strengths to generate competitive advantage and improve performance.

Joint venture was positively and significantly related with performance of multinational manufacturing firms. Manufacturing companies opt to join foreign investors with an aim of creating a joint venture company where they have shared ownership and control to enhance revenue growth.

The results also showed that franchising affects performance of multinational manufacturing firms. Franchising is considered as a strategy to join the market in a case where a single manufacturing company is the sole supplier of intangible assets. Franchising is known to work well for manufacturing companies. Manufacturing companies which possess strong brand names can build up their revenue through engaging in franchising.

Foreign direct investment affected the performance of multinational manufacturing firms with the greatest magnitude. Foreign direct investment grants the foreign company control but at the same time the company has to use a lot of resources. This engagement also grants the foreign direct investor benefits that are economic in nature. According to Chang and Rhee (2011) demonstrate that for manufacturing companies with superior internal

resources and capabilities, foreign direct investment expansion enhances their performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives findings summery of chapter four, outlines the conclusion, and limitations experienced when conducting the study. The chapter furthermore gives a highlight of the policy recommendations which manufacturing companies can adopt to improve work productivity. Suggestions for areas of further research come last.

5.2 Summary of Findings

This study determined impact in regards to foreign market entry strategies on performance of multinational manufacturing firms in Nairobi County, Kenya. Independent variables of study were licensing, strategic alliance, joint venture, franchising and foreign direct investment. The study employed descriptive cross- sectional design. The results were analyzed using social sciences (SPSS) computer software Version 25.0.

The correlation analysis demonstrated licensing and performance of multinational manufacturing firms were positively and significantly correlated. This study also found out that strategic alliance and performance of multinational manufacturing firms were positively and significantly correlated, joint venture and performance of multinational manufacturing firms were also positively and significantly correlated. Further, correlation results illustrated that franchising and performance of multinational manufacturing firms were positively and significantly correlated. Same case to foreign direct investment and performance of multinational manufacturing firms.

The model summary depicted that the independent variables: licensing, strategic alliance, joint venture, franchising and foreign direct investment explains 90.6% of the variations in the performance of multinational manufacturing firms. The model is fit at 95% level of confidence since the F-value is 69.531. This confirms that overall the multiple regression model is statistically significant, in that it is a suitable prediction model for explaining how foreign market entry strategies influences performance of multinational manufacturing firms.

Regression of coefficient results depicted that licensing and performance of multinational manufacturing firms were positively and significantly related, strategic alliance and performance of multinational manufacturing firms were positively and significantly related, joint venture had positive and performance of multinational manufacturing firms were positively and significantly related while franchising and performance of multinational manufacturing firms were positively and significantly related. Further, regression results showed that foreign direct investment and performance of multinational manufacturing firms were positively and significantly related.

5.3 Conclusion

The study concludes that several international market entry strategies are utilized by manufacturing multinational firms in Kenya. These strategies included licensing, strategic alliances, joint venture, franchising, and foreign direct investments. The study also concluded that all the international market entry strategies affected the firm's profitability and market share positively and significantly.

From findings of study, it is concluded that licensing significantly influences performance of manufacturing. Through licensing companies in Kenyan can grant foreign companies the right to use their product or service for an agreed payment in form of loyalty over a given period of time. In the manufacturing sector, licensing involves granting a foreign company the right to use process technology. These strategy of entry into the international market protects a local company from having its products trading in the black market while at the same time mitigating against risk.

It was also concluded that strategic alliances influence performance of manufacturing. Strategic alliances increase the possibility of nurturing potential competitors; hence, costs and benefits are closely put to consideration in terms of partner selection and formation of alliances.

Based on research finding it can also be concluded joint ventures influences performance of multinational manufacturing firms. Entry into global market has been made possible by Joint venture. In this case a third company with independent management is formed. Two manufacturing companies can agree to work in unison and form a third company. And majority of manufacturing companies that had reported joint ventures were performing well.

It was also concluded that franchising influences performance of multinational manufacturing firms. Franchising as a market entry strategy is more involving and confers a lot of powers to the franchisee. In this case, the franchisee signs a contractual agreements commitment to make an agreed amount to the franchisor for the powers conferred to them such as the right to use the franchisor's trademark.

Finally, it can be concluded that foreign direct investments enhance performance of manufacturing companies. Foreign direct investment allows the direct investor to be control of the operation in the direct enterprise company. However, this strategy of market entry requires use of a lot of resources. Nonetheless, the method gives the direct investor an opportunity to experience various economic benefits.

5.4 Limitations of the Study

The approach used in this study has limitations and the findings are not exhaustive; requiring further scrutiny. One of the limitations was that some managers were unwilling to give out information about their manufacturing company. They cited fear of victimization. However, the limitation was mitigated by making a solemn promise to the management of manufacturing companies that provided information should be purposefully utilized solely on academic research.

Use of multiple linear regression model posed various challenges making generalization of study results impossible. These challenges include existence of flawed and confusing results due to variable variances. Additionally, inclusion of more variables on the model would result to variance in the expected relationship between two or more variables.

5.6 Recommendations

The study established that licensing influences performance of manufacturing companies. This study recommends for due licensing before making entry to the market. Licensing is very critical to the growth of a manufacturing company. It's vital for the manufacturing company make proper analysis of this strategy due to its potential of making restrictions

on future company activities and making more revelations regarding information which might hand an advantage to competitors in the future.

Strategic alliance is a critical entry market strategy for manufacturing companies. The study recommends that manufacturing companies within the same sector can join together to enhance their competitive in the market. Manufacturing companies in alliance can share human resource competencies, resources and technological know-how to the advantage of the two companies.

Joint ventures influences performance of manufacturing companies. However, many joint ventures are unsuccessful due to existence of conflicting ideas and inability to solve these conflicts. The study therefore makes recommendation that manufacturing companies should thoughtfully think about before entering into joint venture. This is possible by involving industry experts to offer professional and practical advises regarding joint venture market entry strategies.

The study further recommends that manufacturing firms needs to engage in critical thinking towards the use of franchising and have the right resources as the success of the market entry strategy depends primarily on the value judgment, resources and competences of their senior management and other staff. Manufacturing companies need to use franchise model incase their brand is strong and distinct. However, a lot of caution ought to be exercised when adopting this market entry strategy as it can create future competition in the field of the franchisee.

The study also recommended that multinationals firms should first of all research diligently about the prospective foreign markets so as to make informed decisions on what foreign

market entry strategies they should adopt. This would help in ensuring that they improved organization performance as projected. The study also recommended that manufacturing companies should investigate their target market and establish the factors that affect them so as to ensure they choose the best market strategy.

The study also recommended that the government should formulate policies that favour foreign direct investments. This would help to boost the confidence of foreign direct investors as they would feel safe to invest. Additionally, the study recommended that the government should not overlook the interests of the domestic investors while seeking for foreign direct investors. This would help to grow the economy wholesomely.

5.6 Suggestions for Further Research

The study relied much on multiple linear regression model. Further research should entail comprehensive approach combining both quantitative and qualitative data. Use of interview may be employed to dig more on the state of foreign market entry strategies by interviewing actual senior management. The use of in-depth interview technique facilitates deeper understanding of the topic by conducting open conversation with study participants. It also allows triangulation of findings by complementing quantitative data collected via questionnaire. Further research may involve panel analysis to model the relationship foreign market entry and performance of manufacturing firms.

REFERENCES

Akenga M.A., (2017). *Franchising as a Market Entry Strategy by Kentucky Fried Chicken into Kenya,* Unpublished MBA Thesis, University of Nairobi.

Arasa, R., & Nduku, L. G. (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*, *3*(9), 364-386.

Garcia-Fuentes, P. A., Ferreira, G. F., Kennedy, P. L., & Perez, F. (2013). *Economic Performance of US Multinational Manufacturing Firms: The Linkages between Foreign Direct Investment and Firm Strategy* (No. 1373-2016-109140).

Chang, S., & Rhee, J. H. (2011). Rapid FDI expansion and firm performance. Journal of international business studies, 42(8), 979-994. https://doi.org/10.1057/jibs.2011.30

Azuayi R (2016). Internationalization Strategies for Global Companies: A Case Study of Arla Foods, Denmark. J Account Mark 5: 191. doi:10.4172/2168- 9601.1000191

Sveum, M., & Sykuta, M. (2019). The Effect of Franchising on Establishment Performance in the US Restaurant Industry. *Cornell Hospitality Quarterly*, *60*(2), 104-115.

Khan, H. A., Wu, J. J., & Kang, C. C. (2014). *Foreign Direct Investment and the Performance of MNCs: Taiwanese Firms' in People's Republic of China and Southeast Asia* (No. CIRJE-F-258). CIRJE, Faculty of Economics, University of Tokyo.

Konara, P., & Wei, Y. (2017). Foreign direct investment as a catalyst for domestic firm development: The case of Sri Lanka. *Transnational Corporations*, *23*(3), 1-32.

Ekienabor, E., Aguwamba, S., & Liman, N. (2016). Foreign direct investment and its effect on the manufacturing sector in Nigeria. *International Journal of Scientific and Research Publications*, *6*(5), 671-679.

Barasa., (2018). Master Franchising as Foreign Entry Mode: Evidences from the Spanish Franchise System, ISRN Economics 2012, Pp. 1-8.

Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of Management*, *27*(6), 643.

Buckley, P. J., & Casson, M. (2003). The future of the multinational enterprise in retrospect and in prospect. *Journal of International Business Studies*, 34(2), 219-222

Chang,G., Tsui, K., & Hsu M., (2013). A Conceptual Model for performance for performance measurement in NGOs, *Management Decision*, 41, (7), 635-642

Chen, C., & Messner, J., I.(2009). Entry Mode Taxonomy for International Construction Markets. Journal of Management in Engineering, 25(1), pp.3-11.

Chesbough, H. (2010). Open Services Innovation. London: John Wiley & Sons

Forggesen, M.(2008).Theories of multinational firms. Massachusetts, USA: Edgar publishing limited.

Ganapavarapu L.K. & Prathigadapa, S. (2015) *Study on Total Quality Management for Competitive Advantage in International Business*. Arab J Bus Manage Rev 5:3.

Gaya, H.J., Struwig, M. & Smith, E.E. (2013). Creating a sustainable competitive advantage at a high performing firm in Kenya. African Journal of Business Management, 7(21), 2049-2058.

Greenhalgh, B., Munir, R., & Blount, Y. (2004). Association between Performance Measurement Systems and Organizational Effectiveness. *International Journal of Operations &Production Management*, 34(7), 2-2.

Han, C. (2009). The Impact of Globalization on Inventory and Financial Performance: A Firm-Level and Industry-Level Analysis (Unpublished Dissertation), University of Maryland, College Park.

Hollensen, S. (2007). Global Marketing: A Decision-Oriented Approach, 4th Ed. Harlow: Financial Times Prentice Hall.

Jarvis, D .(2003).International business risk. Cambridge, UK :University of Cambridge .

Johanson, J., & Mattsson, L.-G. (2011), Internationalization in industrial systems –a network approach, strategies in global competition in banks, in Buckley, P.J. and Ghauri, P.N. (Eds), The Internationalization of the Firm: A Reader, Academic Press, London, 303-22.

Kazi, M.,& Murgea,A. (2017). *Globalization and financial performances* in French Cosmetic Industry.

Koech, L.C. (2018). *Foreign market entry strategies adopted by Kenya seed company limited*. Unpublished MBA project University of Nairobi.

Kothari C.R., (2004), Research Methodology: Methods & Techniques,2nd Revised Edition, New Age International Publishers

Krugman, P. (2008). New International Trade, http://web.mit.edu/krugman/www/. Accessed on 7thAugust, 2019.

Kumar , V.(2000).International marketing research. India: Prentice hall India

London.T and Hart .L.(2004)," Reinventing Strategies for Emerging Markets": *Journal of International Business Studies* 1-21

Long, V., Donovan, J., Milner, T., & Topple, C. (2017). Entry Modes as a Component of International Marketing Strategy: A Mixed-Method Analysis of Higher Education Services. *In International Marketing of Higher Education*7(2). 47-82.

Luo, Y.(2001). Determinants of Entry in an Emerging Economy: A Multilevel Approach. Journal of Management Studies, Vol. 38, No. 3, pp.444-472.

Mangematin, V. & Nesta, L. (2009). What kind of knowledge can a firm absorb? *International Journal of Technology Management*, 18, 149–172.

Mathenge, J. & Watson, R. (2017).Starting Small in an Unfamiliar Environment, *International Journal of Industrial Organization,* 21(10), 21-1042.

Mitchell.,J, Shaver,M & Yeung ,B .(1997). Foreign entrant survival and foreign markets .

Mugenda O, (2008). Research Methods: Quantitative and Qualitative Approaches. Nairobi. ACTS.

Naidoo, V., Donovan, J., Milner, T., & Topple, C. (2016). Entry Modes as a Component of International Marketing Strategy: A Mixed-Method Analysis of Higher Education Services. In International Marketing of Higher Education (pp. 47-82). Palgrave Macmillan, New York.

Naidoo, V., Donovan, J., Milner, T., & Topple, C. (2016). Entry Modes as a Component of International Marketing Strategy: A Mixed-Method Analysis of Higher Education Services. In International Marketing of Higher Education (pp. 47-82). Palgrave Macmillan, New York.

Neely, A. D. (2002).Business Performance Measurement: Theory and Practice.Cambridge: Cambridge University Press.

Ogutu, M. and Samuel, C. (2011). Strategies adopted by multinational corporations to cope with Competition in Kenya. *AIBUMA Conference,* July 12-13, 2012, Kenyatta International Conference Centre (KICC) Nairobi, Kenya

Okokon & Adams.(2018). *Internationalization for small and medium enterprises*; Istanbul ,Turkey: Elseiver.

Olusola, A.J., Olugbenga, O.M., Adeoluwa, Z.O., & Oluwagbemiga, O.E. (2017). Accounting Information on Investment in Nigerian Poultry Agricultural Sector. Research Journal of Finance and Accounting, 4(19).

Omondi, O. M. (2017). *Effect of merger and acquisition strategy on competitive advantage of ICEA and lion group,* Unpublished MBA project University of Nairobi

Richard, P. J,.Devinney, T. M., Johnson, G & Yip, G. S., (2009). Measurement of organizational performance Journal of Management 35(3), 718-804

Rodriguez, P., Uhlenbruck, K., & Eden, L. (2005). Government corruption and the entry strategies of multinationals. Academy of management review, 30(2), 383-396.

Schade, V. (2014). The inclusion of aviation in the European Emission Trading Scheme: Analyzing the scope of impact on the aviation industry. Anchor Academic Publishing(aap_verlag).

Sogo, M. (2018). Platforms, ecosystems, and the internationalization of highly digitized organizations. *Journal of Organization Design*, 6(1).45-56

Valmohammadi, C., & Servati, A. (2011).Performance measurement system implementation using Balanced Scorecard and statistical methods. *International Journal of Productivity and Performance Management,* 60(5), 493-511

APPENDICES

Appendix 1: Research Questionnaire

This is a questionnaire for an academic study on foreign market entry strategies on performance of Multinational manufacturing firms in Nairobi Kenya. Kindly give the appropriate responses to the following questions.

Section A; General Information

1. Which is your position in your organization?.............................

2. What is the name of your department/division? ....

3. How long have you been working for this corporation? …………........................

Less than 5 yrs [ ] 5-10yrs [ ] More than 10 yrs [ ]

4. How many branches/plants/service centers does your company have in Kenya?

Less than 5 [ ] 5-10 [ ] Above 10 [ ]

5. How many employees has your company employed in Kenya?

Less than 50 [ ] 50-100 [ ] 100-200 [ ] Above 200 [ ]

SECCTIONB: FOREIGN MARKET ENTRY STARTEGIES

1)LICENCING

To what extent do you agree with the following attributes on licensing exhibited by your firm? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
Licensing enhances access to quality services of the firm					
The licensing of the firm assists to protect intellectual property against cancellation.					
The trade name of the firm was acquired from the parent firm.					
Licensing strategy permits fuller replication of the internal structures and normative values, with less internal disruption.					

2)STRATEGIC ALLIANCE

To what extent do you agree with the following attributes on strategic alliance exhibited by your firm? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
The firm usually shares profits and resources with the partner firm.					
Strategic alliance helps the firm to obtain sustainability in the competitive business arena					

Strategic alliance results in higher levels of absolute growth for the firm					
Entering into strategic alliances with local partners facilitated the setting of our firm business in Kenya.					

3)JOINT VENTURE

To what extent do you agree with the following attributes on joint venture exhibited by your firm ? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
Joint venture requires less cost of investment in foreign country.					
Joint venture strategy enables the firm to establish new markets without providing products and services which would be unprofitable if operated alone.					
Joint venture strategy leads to enhanced global service networks for the firm.					
Joint venture strategy increases market share for the firm					

4)FRANCHISING

To what extent do you agree with the following attributes on exporting   exhibited by your firm ? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
Exporting requires less cost of investment in a foreign country.					
Exporting strategy results in higher levels of absolute growth for the firm					
Exporting strategy enhances profitability of the firm					
Exporting strategy has resulted into growth of the firm					

5)FOREIGN DIRECT INVESTMENT

To what extent do you agree with the following attributes on foreign direct investment exhibited by your firm? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = strongly agree

Component	1	2	3	4	5
Foreign Direct Investment was the avenue that my firm adopted in entering the Kenyan market.					
To what extend does Foreign direct investment affect exchange rates.					
Through foreign direct investment the firm has being able to get additional expertise, technology and products.					
Foreign investors have increased a workforce's productivity since the establishment of the firm.					

SECTION C. FIRM PERFORMANCE

Balance score card will be adapted to measure firm performance. Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Components	1	2	3	4	5
Firm overall sales have grown over the last 3years.					
Firm's profitability has improved over the last 3years.					

The firm return of investment has been increasing over the last three years					
Increased referral reflects customer satisfaction.					
Customer retention is key for growth of the firm					
Continuity improvement in customer loyalty due to better services					
There has being efficiency in operation management of the firm.					
There has being reduction of administration cost.					
The firm has been releasing innovative and differentiated services over a period of time.					
The firm allocates funds for employee training.					
There is personal and career growth and development of employees in the firm.					
The employees have a positive attitude and deliver excellent customer service.					

Thank you for taking your time to fill this questionnaire

Appendix II: Multinational Manufacturing Companies in Nairobi Kenya

1.Nestlé Foods	23. Kenya United Steel Ltd (KUSCO)
2. Procter and Gamble EA Ltd	24. Best foods Kenya Ltd
3. Coca-Cola	25. Pfizer Lab limited
4. Gillette	26. Henkel Kenya Ltd
5. British American Tobacco	27. Bata Shoe Company (Kenya)
6. Unilever Kenya	28. Henkel Kenya Limited
7. General Motors East Africa	29. Gargill Kenya Limited
8. Bayer East Africa	30. Topen Industries
9. Glaxo Smith Kline Kenya Ltd	31. Weltech Industries
10. Beta Healthcare International Limited	32. Osho Chemical Industries
11. Astra Zeneca	33. Palmac Oil Industries
12. Orbit Chemicals Industries Limited	34. Norvatis
13. Bidco Oil Refineries	35. Rolmil Kenya Limited
14. East African Portland Cement Company (EAPC)	36. Associated Steel Company Limited.
15. Colgate Palmolive (EA) Ltd	37. Boehringer Ingelheim
16. East African Breweries Ltd	38. Bamburi Cement
17. General Motors East Africa	39. Associated Paper & Stationery Ltd
18. Global Commodities Limited	40. Total Kenya Limited-Lubes Blending plant
19. Cadbury Chocolate	41. Atlas Copco Kenya Ltd
20. East African Packaging Industries	42. General Electric
21. Tetra Pack	43. Mitsubish Company
22. De la Rue Ltd United Currency	44. Aluminum Africa Limited
	45. Oil Libya Lube Blending

Source: Kenya Association of Manufacturers, 2019