MARKET ENTRY STRATEGIES, MARKETING CHANNEL DYNAMICS, PSYCHIC DISTANCE AND PERFORMANCE OF MULTINATIONAL CORPORATIONS IN KENYA

THIONG'O SAMUEL MUNGAI

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DECLARATION

I declare that the work contained in this research thesis is my original work and has not been presented in this or any other institution of higher learning for a similar award

Signed ... ... Date:...15th JUNE 2021.....

Thiong'o Samuel Mungai

REG NO: D80/73182/2012

This thesis has been submitted with our approval as the university supervisors.

Signed .... Date: 17th June, 2021

Prof. Mary Kinoti, Ph.D

School of Business

University of Nairobi

Signed Date: 25.06.2021

Prof. F. N. Kibera, PhD

School of Business

University of Nairobi

Signed .... Date: 2.7.2021

Prof. Ganesh Pokhariyal, PhD. D. Sc.

Department of Applied and Industrial Mathematics

School of Mathematics

University of Nairobi

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P.O Box 8717, 00100

Email: thiongosamwel@yahoo.com

DEDICATION

I dedicate this project to my family for their invaluable support of enduring many days of my absence as I tried to complete this thesis project. To my spouse, Mrs. Rosa Wanjiru and my children Levertone Mungai, Bianca Murugi and Adionah Wangechi, your understandings and patience has paid off. Thank you very much, God bless you.

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DEFINITION OF TERMS

Market Entry Strategies:	Strategies of market entry specify the methods of selling, providing, and distributing commodities in a new country. They comprise of investment, contractual, and export entry mode (Meyer et al., 2009).
Marketing Channel Dynamics:	Marketing channels are sets of mutually dependent organizations focused on making a given product available to the final consumer (Kozlenkova et al., 2015).
Multinational Corporations:	Entities whose headquarters are in a given country which still carry out businesses in different markets located abroad (Rugman & Collins, 2009).
Performance:	Attainment of organisational efficacy results from proper management of people and is a function of organisational performance (Armstrong, 2006).
Psychic Distance:	The observable difference between the environment of the company’s foreign country and home country environment (Dowling et al. 2011).

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of the Variance
CV	Coefficient of Variation
EPZ	Export Processing Zones
FDIs	Foreign Direct Investments
FP	Non-Financial Parameters
ICT	Informational Communication Technology
IDRC	International Development and Research Centre
KMA	Kenya association of Manufacturers
KMO	Kaiser-Meyer-Olkin
KSHs	Kenya shillings
M & E	Mergers and Acquisitions
MCD	Marketing Channel Dynamics
MES	Market Entry Strategies
MNC	Multinational Corporation
MNE	Multinational Enterprise
NFPs	Non-Financial Performance
PCM	Principal Components Method
PD	Psychic Distance
UK	United Kingdom
USA	United States of America
VIF	Variable Inflation Factors

ABSTRACT

This quantitative inquiry was conducted to ascertain the influence of marketing channel Dynamics and psychic distance on the relationship between strategies of entry into the market and performance of Kenya's multinational corporations. Specifically, the study purposed to analyse the correlation of market entry strategies with firm performance, to investigate the effect of market channel dynamics on the relationship between firm performance and market entry strategies, to establish the effect of perceived psychic distance on the relationship between market entry strategies and performance and to determine the joint effect of marketing channel dynamics, psychic distance, and market entry strategies on corporate performance of Kenya's multinational corporations. This descriptive cross-sectional study was performed on 139 multinational corporations operating in Kenya using stratified sampling approach representing corresponding strata. The study established that market entry strategies explained 43.1% of the change in firm performance of multinational companies measured using financial performance parameters and 52.5% of the change in corporate performance measured using non-financial parameters. The postulation that a significant connection between market entry strategies and firm performance exists was thus reinforced. The study established that marketing channel dynamics and psychic distances moderates the relationship between strategies of entry into new markets and the performance of the firm. Strategies of entry into the market, perceived psychic distance and dynamics of marketing channel explained 57.6% of change in organizational performance measured using financial performance indicators. The study also established that market channel dynamics, perceived psychic distance and market entry approaches explained 66.4% of change in performance of multinational corporations in Kenya measured using non-monetary indicators. The research work makes recommendation that before setting foot in overseas markets, multinational corporations should gather enough information on market entry strategies. This will allow them to select a suitable entry strategy that improves their performance. Additionally, the study recommended that top management officials should assess determinants of market entry strategies into the market to choose the appropriate one. The study recommends that marketing channel dynamics should be considered when going international; this will enhance the performance of the organisation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Many firms no more compete within national boundaries but are increasingly becoming committed to operating in foreign markets due to significant growth opportunities (Sousa & Lages, 2011). Accordingly, as these companies strive to gain a global market presence, they need a sound strategy of entry that works closely with specific marketing channels and therefore, the possession of knowledge regarding the dynamics of marketing channels in the defined markets is important (Jamsheed, 2005). In addition, Perceptions regarding the differences that exist between the environment encompassing the business in a foreign country and that of a home country results in psychic distance. The expectations are that as the psychic distances increase, uncertainty is generated among the firms seeking entry into a new market, and this affects their manner of performance (Evans & Mavondo, 2002).

Market entry strategy has a strong effect on a company's failure or success (Kirbua & Benjamin, 2007). Marketing is never static but keeps on changing, heightening the need for firms to manage marketing channel dynamics. These changes can affect a firm's performance due to their influence on the association between strategies of market entry and organisational productivity (Couerdacies, De Santis & Aviat, 2009). Moreover, there is a need to identify how perceived differences for the receiving and native nation markets influence the strategy of market entry and firm performance. Hollensen (2007) argues that companies prefer to export their materials or resources to countries they are closer to and those that have fewer risks. In light of the above, this study adopted a view that the psychic distance and marketing channels dynamics affect the correlation of strategies of market entry with organizational performance.

Multinational companies (MNCs) run its operations in global conditions characterised by different technological, economic, cultural, social, political, and legal factors. MNCs need to design market entry strategies that guarantee performance. Multinational corporations in Kenya have continued to record strong performance over the last decade which has attracted new entrants into the Kenyan market. The country's improved regulatory environment, political stability, positive economic growth, and government investment in infrastructure is attracting multinational corporations.

The anchoring theory for this study was international marketing theory (Bartels, 1968; Bradley, 1987). The theory is useful in multinational organisations where it provides the opportunities to acquire foreign exchange improve national rate of production and enhance general standard of life (Katsikeas, 2003). At the microeconomic level, firms use global marketing as an instrument for improving strategic growth, increasing monetary performance, and building competitive advantage (Czinkota & Ronkainen, 2004). Other supporting theories include theory of location advantage (Hessels, 2008), eclectic theory (Dunning, 2001) and resource based view (Barney, 1991). The theory of locational advantage is applicable in the current research because it discusses the impact of perceived geographical distance and the approaches that the MNCs apply as a means of selecting the appropriate strategy of entry to new markets. Eclectic theory details the factors that determine approaches employed by firms to set foot in emerging markets and the reasons that precipitate firms to expand. Resource based model is applicable to the current research as specific firm resources and managerial factors affect market channel dynamics with a view of selecting a market entry strategy that will translate to corporate profitability.

The study was motivated by the fact that the world today has become a global 'village' and multinational corporations are becoming more 'localised' while local companies are increasingly becoming multinational firms. These firms are obliged to enter competition with one another for share in the market, profits and sales. The study provides empirical evidence that managers for these firms can appreciate effective strategies of entry into the market and enhance performance. Moreover, they will be informed on the impact of perceived psychic distance and dynamics of marketing channel on their foreign markets entry approaches and firm performance. The research information enables the firms to adopt value additions to satisfy market needs and have a competitive market advantage.

1.1.1 Market Entry Strategies

Strategies of market entry specify the methods of selling, providing, and distributing commodities in a new country. The market entry strategies comprise of investment, contractual, and export entry mode (Meyer *et al.*, 2009). For the case of export entry approach, Kirbua and Benjamin (2007) suggest that the feature in this strategy of entry is the exportation and importation of products to a market in a foreign country from a market in a domestic country. The export entry strategies includes indirect exports where the manufacturers involved in exportation decide to utilize other firms to export on their own behalf (Albaum & Duerr, 2008).

In contractual entry strategy companies seek to use franchising and licensing when setting foot into emerging markets overseas. Doole and Lowe (2007) point that these are agreements that allow utilization of certain benefits, such as brand names. In the franchising model, the franchisee works under the rules and manual of operations that the franchiser imposes. Czinkota and Ronkainen (2004) observe that the rights contained in a franchise involve the use of the franchisors' names, marketing techniques, production, or selling of their products by the franchisee. Conversely, licensing comprises of the licensee and the licensor, and this means that in most occasions there is involvement of two parties. Fundamentally, it is imperative to note that the licensee acquires permission from the licensor to utilize a wide array of possessions such as managerial skills, trademark, and technology.

An investment entry mode allows firms to acquire proprietorship of a different firm located in another foreign country market. In Kenya, the foreign direct investment (FDI) increased from 1990s because of economic liberalisation, and is Greenfield in nature and is condensed in manufacturing sector (Kinuthia, 2010). The mode of entry determines the level of control the firm practices over its overseas business, the amount of resources that the firm can dedicate to its overseas operations, as well as the risk that the firm can bear (Zekiri & Angelova, 2011). Accordingly, it is evident that market entry strategies possess a significant value regarding the way MNCs exploit market globalization opportunities because they have a direct effect on performance based on the existing market challenges.

1.1.2 Marketing Channel Dynamics

Marketing channels are sets of mutually dependent organizations focused on making a given product available to the final consumer (Kozlenkova et al., 2015). A marketing channel is a series of trade ties that generate customer value in the product disposition, purchase, and use. Nonetheless, the market needs are often fluctuating; hence, channels of market entry operate in a state of constant change and should continuously adjust to manage those alterations (Zhang et al., 2010).

Market environment is dynamic and market channels may not remain the same forever as they conform to such changes. The dynamics of marketing channels involve communication, roles, conflict, and power.Power as a dynamic of marketing channels involves the actual or perceived control of given channel members using certain elements that encompass the marketing strategy of other members (Stern & El-Ansary, 1992).

Conflict occurs when marketing channels perceive their individual activities to be affecting the achievement of each other's goals. Sanchez-Peinado and Pla-Barber (2006), point out that the conflict can be opponent-centred behaviour, personal or direct. Further, conflict can emanate from communication difficulties, goal incompatibilities, decision domain disagreements, perceptual differences, scarcity of resources, and role incompatibilities. The existence of roles within a channel provides opportunities for the managers to define the expectations of each channel member and the function that the company possesses in regards to the channel of marketing. Therefore, each member within a marketing channel has a role to play, which includes technical backup, provision of warranty, support service function, front office services, provision of market information, supply fulfilment, and demand stimulation (Sanchez-Peinado & Pla-Barber, 2006).

An effective communication within the marketing channel is necessary to maintain an efficient channel. As information flow becomes effective due to proper communication, services or products involved in the channel also flow efficiently. Decoding, feedback, receiver, communication channel, encoding, message, and source, are some of the elements of communication. Companies sharing materials or information become the source, whereas the message can comprise of orders, views, feelings, or opinions. To encode refers to translating messages, while receivers consist of entities receiving the encoded information. Equally, decoding consists of the conversion of the messages received as a means of extracting its implication for holistic comprehension. Lastly, the feedback comprises of the responses of the receivers and it serves to ensure information was received and comprehended as intended from the source. Werner (2002) argues that companies should strive to put in place measures that can identify behaviour hitches, which can affect proper information flow. There is an assumption that performance of organisations and its relationship with market entry strategy is affected by marketing channel dynamics, and this study attempted to find out its moderating effect.

1.1.3 Psychic Distance

Dowling *et al.* (2011) define psychic distance as the observable difference between the environment of the company's foreign country and home country environment. Dikova (2009) noted that psychic distance develops out of the discrepancies in domestic business systems, consumer needs and preferences, as well as culture between the foreign and mother country. The perceived distance between a foreign and a home market greatly determines the manner in which companies communicate, collaborate, or trade, and this distance only works to the advantage of markets located closer to the native country. Arguably, the perceived geographical distance has an indirect effect on global marketing operations and ultimately on firm performance (Li et al., 2014; Hakanson & Dow, 2012; Griffith & Domitrova, 2014). However, other studies indicating a positive relationship exist (Dikova, 2009; Magnusson *et al.*, 2014), they pointed that psychic distance and performance are positively related especially when the MNC has experience or is established with a local partnership.

Bartels (1968) indicated that a greater degree of environmental differences may be found within a country than between countries. The study was instrumental in adopting an international dimension to denote an environment in which trading takes place. Dikova (2009) pointed that psychic distance affects the decision and choice of strategies and is an essential factor explaining firm performance in foreign markets. In consideration of these views the association between organisational performance and market entry strategies is likely to be affected by psychic distance. Therefore, the study examined how the underlying association between strategies of entry into the market and performance of organisations is affected by psychic distance.

1.1.4 Organisational Performance

Many processes that comprise of management and executing or accomplishing such processes is what entails organisational performance. Attainment of organisational efficacy results from proper management of people and is a function of organisational performance (Armstrong, 2006). The quantification of organisational effectiveness and efficiency is what comprises performance. Allen and Morton (2004) infer that the available scholarly literature does not define or give succinct information on performance of organizations.

Performance seeks to transform the mission, vision, and ideas of management teams into actionable strategies that can undergo measurement, corrections or modifications (Rolnicki, 2011). According to Lusthaus *et al.* (2002), expression of performance of organisations is evident through financial stability, relevance, efficiency, and effectiveness, and it is affected by external environment, internal environment, and its underlying capacity. Effectiveness entails the attainment of set goals, while on the other hand efficiency expresses the capacity of organisations to maximise production while utilizing minimal raw materials. On relevance, organisations seek to align their objective or activity to the needs of the shareholders or investors. Financial stability involves the activities that an organization engages in as a means of fostering a sound financial position.

Accordingly, Kaplan (2010) observed that it is important to use finance as a scorecard of determining how a given institution performs, and this is supplemented by other variables that promote the interests of stakeholders, which include learning and growth, internal process, and customers. In light of the above, this study adopted measurement of performance as espoused within the financial and non-financial spectrum.

1.1.5 Multinational Corporations in Kenya

Multinational corporations (MNCs) refer to entities whose headquarters are in a given country which still carry out businesses in different markets located abroad. MNCs must operate from a given central office that allows them to carry out coordination of how their goods and service move. Rugman and Collins (2009) assert that MNCs seek to undertake business globally essentially because of the fact that they aspire to provide to the diverse needs of their clients. MNCs engage in a wide array of activities that represent their businesses, such as the development of various market entry strategies, engaging in market channel dynamics and appreciating the role of psychic distance for them to be competitive. This is supported by O'Donnel (2000), assertion that MNCs come across many varied practices of management, business rivals and markets, in addition to dealing with diverse environments in the realm of legal, social, technological, political, and cultural dimension.

Kenya has two hundred and thirteen (213) MNCs carrying out different businesses (KAM, 2013). The well-established MNCs in the country are the motor vehicles companies, which include Cooper Motor Corporation (CMC), Marshalls, General Motors (Isuzu East Africa) and Toyota, Oil marketers (Total, Shell and Oilibya), beverage and soft drink companies such as Coca-Cola, among others. These MNCs are in manufacturing, services, motor vehicles, information technology, agricultural, hospitality, energy, trading and financial sectors.

The market entry strategies by these MNCs include: management contracting, joint ventures, exporting, licensing, contract manufacturing, and foreign direct investment and assembly operations among others. Due to competition among the existing firms, these firms must apply entry strategies that guarantee performance. Albaum et al. (2005) points out that it is not easy on the part of the investor to make a decision regarding the specific global marketing channels. There are different types of international marketing organizations with various types of marketing channel systems alternatives. MNCs represent a theatre of action at the intersection between two different cultures: both the host and home country's culture. As Hofstede (1983) noted, cultural differences do matter, and psychic distance may be amongst the key crucial areas especially for running multinationals.

However, regardless of the key role MNCs play in the Kenyan economy, very little has been studied about the association of their strategies of entry into the market and their performance, in addition the role of marketing channel dynamics on the relationship is scanty. The MNCs in order for them to remain competitive and meet their performance objectives, they need knowledge on psychic distance, market channel dynamics and implement market entry strategies that offer superior performance.

1.2 Research Problem

Multinational corporations (MNCs) use specific marketing channels, as a strategy of entry into foreign markets (Doole & Lowe, 2007). These marketing channels are not free from changes that occur in a marketing environment. According to Hollensen (2007), the Multinational Corporations (MNCs) ought to adopt marketing channel dynamics for them to remain competitive. Considering the fact that observable differences between a home and overseas market condition influence the entry strategy and firm performance, psychic distance can affect a firm’s performance. Griffith and Domitrova (2014) point out that an association between firm performance and psychic distance exists. The marketing channel dynamics facilitates fast identification of market niches, real time access to potential customers, proximity to customers and competitive edge (Rosenbloom, 2007).

Studies on psychic distance and organisational performance have been performed in South America (Sousa & Lengler, 2009), in developed countries (Ragozzino, 2009), and Uganda (Nuwagaba *et al.*, 2013) and studies on market entry strategies in Latin America (Orcina, 2010), South Africa and Egypt (Bhaumik & Gelb, 2003). The studies in Kenya have focused on effect of mother country on the behaviour of consumers toward international fashion products in Nairobi (Njuguna, 2014), the role of competition in determining choice of strategic response of MNCs in Kenya (Thigah, 2015), impact of macro business environment on profitability of firms in Kenya’s EPZ (Kosure, 2015), and on modes of entry into the market for a transition nation, Kenya (Ndegwa & Otieno, 2008). As far as the researcher understands, no single study has been done on the impact of perceived distance and market channel dynamics on the association between firm performance and strategies of entry of overseas corporations into Kenya.

While some studies have been done on the association between modes of market entry and organizational performance, the studies were not conclusive. These studies present conceptual, contextual and methodological gaps that call for further studies. Studies in developed world (Arnstorp, 2013; Ragozzino, 2009) and in developing world (Sousa & Lengler, 2009; Orcina, 2010) focused on either psychic distance or strategies of market entry. These studies did not consider the implications of dynamics of marketing channel that can have an effect on the association between strategies of market entry and organisational performance.

The studies in Africa have also revealed knowledge gaps that this study addresses. The studies from South Africa and Egypt (Bhaumik & Gelb 2003) paid more attention to the market entry strategies while a study in Uganda (Nuwagaba *et. al.* 2013), focused on psychic distance and organisational performance. These studies did not capture the role of marketing channel dynamics and their impact on the association between strategies of entry into the market and firm performance which the study investigated.

Several studies revealed methodological gaps. Some studies have approached the investigation from a case study perspective (Orcina, 2010) or survey design (Ragozzino, 2009; Sousa & Lengler, 2009), although useful in describing the current situation and offering a base for future research, they have limitations of being unable to offer future predictions. Even the local Kenyan study by Ndegwa and Otieno (2008) approached the investigation from an exploratory point, which despite giving preliminary insights is limited by unclear conclusions which can be a challenge for decision making. According to the current researcher there was a need to carry out further investigation using a cross sectional descriptive research approach to determine the influence of marketing channel dynamics and perceived distance on the association between strategies of market entry and firm performance.

Moreover, the local studies revealed more research gaps. Kosure (2015) conducted a study on perceived value of investment, macro-marketing setting, and incentives of promotion and performance of organizations in export processing zones (EPZ). The study used macro-marketing environment as the moderating variable and only focused on firms in export processing zones while the current study uses marketing channel dynamics and psychic distance as a moderating variables and focused on multinational firms. Njuguna (2014) conducted an examination on the influence of consumer attributes, mother country, and behaviour of consumers towards cloths emanating from abroad markets. The study used consumer behaviour as the variable component and country of origin as a predictor quantity and focused on foreign clothing brands unlike the current study that used market entry strategy as the independent variable, psychic distance as a moderating variable and organisational performance as the predicted component and concentrated on Kenya’s MNCs. An investigation by Ndegwa and Otieno (2008) focused on market entry modes in Kenya and established that FDIs, joint venture, and acquisitions are the major entry modes to the Kenyan market by multinational corporations. The study investigated only market entry modes and the current study expanded on the variables by including marketing channel dynamics, psychic distance and performance of MNCs firms.

Empirical evidence suggested that despite several studies having been done on market entry strategies, at international, regional and local levels, they have shortcomings in terms of variables (Arnstorp, 2013; Ndegwa & Otieno 2008), research design (Dino Orcina, 2010; Sousa & Lengler, 2009; Ragozzino, 2009) and how the variables under the study were operationalized (Kosure, 2015; Njuguna, 2014; Nuwagaba *et al.,* 2013). From the extant literature, it is evident that the researcher is not aware of any study that has been able to study all the four variables that this thesis study considered. The thesis study addressed the pertinent knowledge gaps by answering the following study probe: What is the impact of market entry strategies, marketing channel dynamics, psychic distance on performance of multinational corporations in Kenya?

1.3 Research Objectives

The main objective of the study was to determine the effect of market entry strategies, marketing channel dynamics, psychic distance and performance of multinational corporations in Kenya. The specific objectives were to:

i. Determine the effect of market entry strategies on the performance of multinational corporations in Kenya.
ii. Determine the influence of moderating effect of market channel dynamics on the relationship between market entry strategies and organizational performance of multinational corporations in Kenya.
iii. Establish the effect of the moderating effect of perceived psychic distance on the relationship between market entry strategies and organizational performance of multinational corporations in Kenya.
iv. Determine the joint effect of market entry strategies, market channel dynamics and perceived psychic distance on performance of Kenya's multinational corporations in Kenya.

1.4 Value of the Study

The overall objective of this thesis was to examine how marketing channel dynamics and psychic distance influence the association between strategies of market entry and performance of MNCs firms. Despite the influence of these variables on performance being studied before, their joint effect on performance had not been tested. The thesis study contributed to the extant knowledge by testing the joint effect of psychic distance, dynamics of market channel, and strategies of market entry on performance of MNCs firms. The examination provided more literature material that will be of value to scholars, students, and researchers as a basis for literature review and further research.

International marketing performs a significant role in enhancing the Kenyan economy. It provides a platform for the government to realize its projected development goals with international players that enable government and businesses to conduct business on a global scale. Further, the study findings may enable policy makers to come up with globally competitive marketing solutions.

The study results will be beneficial to the managers by providing important insights that will be useful for competitive marketing strategies. The recommendations of this study will act as a basis for their planning, implementations and evaluation. It will be of value to strategic marketing managers who will have a clearer insight on the advantages and drawbacks of the market entry strategies studied.Moreover, the study outcomes may enable managers to comprehend the value of marketing channel dynamics and strategies of entry into the market and manage them to attain competitive advantage in a global market.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviewed literature in relation to the specific study objectives. The chapter discussed the knowledge gaps with a view of setting a basis for the study; capture the theoretical framework, which entails the discussion of theories that are applicable to study parameters. The chapter entails the conceptual foundation, detailing the relationship among the study parameters, the independent and dependent variables.

2.2 Theoretical Framework of the Study

The inquiry is anchored on the theory of International Marketing and backed by three other theory, which include Eclectic Theory, Location advantage theory, as well as Resource Based Theory. The International Marketing Theory and Eclectic Theory focus on market entry strategies variables that affect performance, while Location advantage theory and Resource Based View, Psychic Distance and Marketing ChannelDynamics variables on Organisational Performance respectively.

2.2.1 International Marketing Theory

International Marketing Theory by Gladwin and Walter (1980) concentrates on finding and gratifying the needs of both local and global customers. It also gives attention to organizing marketing practices within the limits of the global setting (Terpstra & Sarathy, 2010). A global dealer is exposed to various business constraints, a new set of external environmental factors, and constant clashes caused by different cultures, societies, regulations, and laws.

The international marketing theory is essential to the business firms that undertake international marketing and this is supported by the fact that globalization has brought tremendous changes in the way business is conducted across the globe (Katsikeas, 2003). Hollensen (2007) points that the theory of international marketing makes it possible for the international marketing firms to comprehend the international marketing environments and carry out business in a competitive way. Same and Larimo (2005) argued that international marketing theory will enhance organisations understanding of international marketing environment.

Bradley (1987) posited that the implications of the theory of international marketing is repetitive and none evaluative. However, proponents of the theory opine that it is essential for individuals and business firms to understand the theory of international marketing because it discusses international marketing environments that have multidimensional interactions (Bartels, 1968). Malhotra *et al*. (2013) observed that globally, many organizations are seeking markets for their businesses in foreign countries due to competition locally and also as a boost to their growth in sales and market share. The International Marketing Theory criticism is that it assumes there is a general equilibrium model in which all markets (i.e., goods and factors) are perfectly competitive.

To survive in this complex arena, different technological and competitive environments, firms must embrace adjustable strategies of global marketing to be more successful than their rivals in the international arena. As mentioned by Lowe and Doole (2008), firms that lack well-developed or flexible global marketing solutions always experience competition from hard-hitting foreign rivals wanting to expand overseas into domestic markets and globally-oriented local businesses. The theory of international marketing is a best fit for this study as it offers a description of the issues that influence market entry strategies for MNCs seeking expansion.

2.2.2 Theory of Location Advantage

Theory of Location Advantage by Hessels (2008), discusses the market entry strategies, which largely have ramification on the organizational performance. An implication of this theory is that companies that enjoy locational benefits develop excellent competitive strategies due to adequate resources in their native nations, and will turn out to be the leading actors in the sectors from which their mother country is relatively advantageous (Dunning, 2001).

According to Yang *et al.* (2011), the location of a business determines the success of that business in terms of attracting investment. Naturally business location offers significant benefits such as cheap means of production, availability of raw materials, and proximity to potential markets. Theory of location advantage tries to take into consideration, systematically and uniformly, the location and distribution of commercial practices in space and how multifaceted economic activities are interconnected. As said by Bradley (1991), theory of location theory has been condemned for assuming that factors of productions are immovable between states.

However, artificial location advantages exists that comprises of the infrastructural developments such as ICT, public service, transport and the statutory mandates such as financial climate regulations, tax policies, and governmental regulations. Ottaviano and Puga (2012) argued that these factors are in terms of differences in policies, endowments, and technologies. Kosure (2015) observed that the various components of location advantage are essential in enabling businesses to set foot in new markets.

However the criticism of this theory is that it only considers two elements for determining the cost of transportation namely weight and distance. The theory has not given consideration to the place, the type of transport, quality of goods to be transported, topography, character of region. In addition, the theory states that there are fixed labour centres with unlimited supplies of labour in each of them. Obviously both these assumptions are not correct. There cannot be fixed labour centres, because each industry creates new labour centres. Similarly there can never be unlimited supplies of labour in any centre.

The theory of location advantage is applicable in the current research because it discusses the impact of perceived geographical distance and the approaches that the MNCs apply as a means of selecting the appropriate mode of entry to new markets. This inquiry examined the impact of perceived psychic distance on the relationship between strategies of market entry and performance of MNCs and hence this theory is very relevant.

2.2.3 Eclectic Theory

Theory of Eclectic by Dunning (1979) posited that organizations have specific skills that are essential in ensuring that organizations have competitive advantage over their rivals. Dunning and Lundan (2008) pointed out that attributes of the market that a given firm enters determines the chances of the firm realizing international expansion. Dunning (2001) notes that the location, internal, and ownership advantages are some of the elements that enhance the capability of businesses turning into multinational corporations. Factors specific to a firm like company size as well as location specific characteristics determine the international expansion of business firms. According to Hessels (2008), eclectic theory presumes that there is seamless information for global business and export and import are the lone means for moving services and commodities universally. But as per this research, investments and contracting are also vital means for moving services and goods internationally.

However, since according to this study contracting and investments are also critical mechanisms for transferring goods and services across the countries. There is a need for MNC to select the appropriate approach for coordinating its international business operations. The available options a multinational corporation can select from are a completely owned subsidiary, an equity-based joint venture, and a non-equity contractual strategy. Every single of these strategies of market entry has unique ramifications for the risks a MNC must bear to expand globally, the level of control that the firm practices upon the global business activity, and the resources it should commit to the overseas business activity. Therefore, selecting the most suitable entry approach in certain context is a daunting task. As suggested by Root (1994), this choice is vital for the success of an international operation.

The major criticisms of the eclectic paradigm as discussed in the literature are: its failure to account for the role of managers, its inability to handle the dynamic evolution of the MNC easily, an unclear specification of what can serve as measures of the major constructs in the paradigm and how those constructs are related, and a limitation in dealing with the interaction between the policy environment and the firm.

The theory is applicable to this thesis because it details the factors that determine approaches employed by firms to set foot in emerging markets and the reasons that precipitate firms to expand. Based on this context, the present study examined the strategies of market entry applied by multinational corporations and how these strategies affect their performance.

2.2.4 The Resource Based View (RBV)

The Resource Based View by Barney (1991) puts forth that businesses use their resources as an approach to realizing competitive advantage. Delgado, Ramirez and Espitia (2004) suggest that firms use their resources such as skills, assets, and know-how as an approach to realizing competitive advantage because most firm's specific factors are unique to the business and cannot be replicated by other businesses.

Bloodgood, Sapienza and Almeida (1996) mentioned that firm with unique resources have higher tendencies of going international. Fernandez and Nieta (2005) suggest that managerial capability as an intangible organizational asset is one of the key resources that firms should possess. Peng (2001) noted that the attributes of the managers are some of the most treasured resources owned by firms as they are hard to copy or imitate. Katsikea, Theodosiou and Morgan (2007) point that the ability of the managers to generate the required or desired output pegs on their behavioural performance, which in other words means the capability of the managers to accomplish their duties and obligations.

Erramilli et al (2002) mention that when a business goes global; it depends on its extant resources to contest in that environment since its more efficient and effective to move them abroad than begin new ones a fresh. In the current research work, market entry approaches are means for transferring resources to a foreign venture (Root, 1994). The Resource Based View criticism is that different resource configurations can generate the same value for firms and thus would not be competitive advantage. The role of product markets is underdeveloped in the argument.

Accordingly, this theory is applicable to the current research as specific firm resources and managerial factors affect market channel dynamics with a view of selecting a market entry strategy that will translate to profitability.

2.3 Market Entry Strategies and Firm Performance

Kotler (1997) indicates that the selection of the wrong entry approach has far reaching negative effects on performance. Hyun and Kim (2010) noted that MNCs often failed when setting up subsidiaries abroad because of the diversification approaches used that are not related to that specific market. Kirbua and Benjamin (2007) observed that multinational companies can be successful in new markets abroad by selecting the most salient options such as merging with an existing firm in the abroad market, creating subsidiaries, or by acquiring an existing firm.

However, little attention has been drawn in terms of investigating how entry choices affect the performance of MNCs. For instance, O'Donnel (2010) study indicated that new subsidiaries were unlikely to be diversified compared to when these MNCs acquire an already established or existing business firm. On the other hand, Koch (2010) established that entry choices were key determinants of business success or failure as they affected the performance of foreign subsidiaries. In an investment entry mode the MNCs are in control of the international marketing strategy and can significantly benefit in terms of logistics such as being able to navigate the import hurdles, which will save the firms from the costs of importation and manufacturing.

Marks and Mirvis (2001) argued that firms that merge with the existing businesses are likely to register better performance in terms of profits. Hyun and Kim (2010) observed that merging of businesses makes it possible for companies to register profits and revenue which assist the companies to undertake research development and be able to come up with better products.

In summary, there are some literature that discusses the entry approaches and how they translate to better performance. The studies provide various results of the entry strategies as being none essential, or of direct effect. Given this context, the study investigated the impact of strategies of market entry in enhancing organizational performance.

2.4 Market Entry Strategies, Marketing Channel Dynamics and Firm Performance

According to Couerdacies et al (2009), strategies of entry into new markets could have certain effects, and complicate decision making thus causing conflict of interest thereby resulting to slow running of the firms. Investment modes of entry have a strong correlation to channel dynamics, as they may lead to conflict of interest among the parties involved leading to poor organizational performance. Hollensen (2007) suggested that franchises are able to run profitable franchisees because of the ability to control the businesses. Doole and Lowe (2007) pointed out that a licensee with time may develop the expertise and knowledge of manufacturing the same products as the licensor to an extent that this can translate to changing of duties and responsibilities of the licensee affecting the long term organizational performance.

Behan and Lamoureux (2015) suggested that marketing channel dynamics determines the level of performance of organizations since they influence the sale of MNCs products. The marketing channel dynamics affect the control of prices and therefore, avoid the erosion of prices. Behan and Lamoureux (2015) study on marketing channel dynamics observed that channel players endeavour to build channel relationship by increasing the value of the services offered with a view of realizing better sales and profits.

Shimp (1996) contended that marketing channels should embrace proper communication to reduce inconsistencies and confusion translating to increased market share. Market entry strategies with high control mechanisms like franchising and foreign direct investment require regular communication between the marketing channels leading to better performance. Jayesh (2012) claimed that negating non-financial and cultural aspects during the process of merging and acquisitions more often resulted to collapse of mergers and acquisitions. The current inquiry examined the impact of market channel dynamics on the association between strategies of entry into the market and organisational performance.

2.5 Market Entry Strategies, Psychic Distance and Corporate Performance

Sallis and Sharma (2006) conducted a study and established that firms dealing with services employ dissimilar approaches of entering new markets and this is pegged on the extent of the risk in that given market. Further, firms consider psychic distance before entering new markets, whereby firms employ low strategies of market entry in times of high psychic distance and employ high control entry modes during low psychic distance (Hennart & Lavino, 1998). The assertion by Hennart and Lavino (1998) on the psychic distance is empirically backed by other researchers such as Zaheer*et al.* (2012); Evans and Mavondo (2002); Malhota, Sivakumar and Zhu (2009). Hollensen (2007) argued that firms prefer to export to nations that are near to their homeland. The argument is that high psychic distance hampers prospective firms from gathering market information from distance markets as pointed out by Eriksson, Johanson and Majgaard (1997).

Existing studies such as Sousa and Lengler (2009); Evans and Mavondo (2002) observed that a significant association between perceived psychic distance and performance exists; however, this assertion contradicts the previous assumptions. On the same breadth, there exist studies on the association between psychic distance, strategies of market entry and performance of firms. To this end, there still exist contradictions, particularly on the moderating influence of perceived distance on the association between strategies of market entry and performance of MNCs firms which this study investigated.

2.6 Market Entry Strategies, Psychic Distance, Marketing Channel Dynamics, and Firm Performance

It is widely argued that strategies of market entry such as Mergers and Acquisitions sometimes translate to increased costs and in some extents leading to the erosion of the culture and bringing down the level of effective integration. For instance, organizational performance can be affected if firms lay off senior management employees. Coeurdacier, De Santisand Aviat, (2009) point out that businesses endeavour to achieve a wide array of objectives; however, when there is a conflict of objectives, these business firms are unlikely to realize organizational performance because of these disruptions.

Doole and Lowe (2007) observed that firms licensing their assets abroad might lose those assets to the licensees. Sousa and Bradley (2006) points out that perceived geographical distance is one of the greatest embedment to organizational performance as it determines the process of communication and collaboration. Blonkvist and Drogendijk (2013) contend that companies are none receptive to starting new business ventures that are at psychically distance. It is imperative to observe that previous theoretical postulations tended to point that there is an indirect association between psychic distance and organizational performance.

Johanson and Wiedershein (1975); Johanson and Vahlne, (1977); Pedergen et al. (2003) argued that the psychic distance negatively influences the costs of doing international business due to hindrance transfer of information among the countries of interest. Another argument put forward by Gomes and Ramaswamy (1999) indicates that business firms prefer to invest in psychically close countries, as the economic and market conditions in these countries are similar to the one's of home countries of the parent companies. The proximity of the countries ensures that there is advantage of competencies across the borders. Katsikeas *et al.* (2009); Grewal et al. (2008) argued that multinational firms ought to develop trust as it influences organizational performance.

Several inquiries propose that a direct association between organizational performance and psychic distance exists. For instance, O'Grady and Lane (1996) researched on Canadian traders and the findings of the study established a psychic distance 'paradox'.

Other studies (Evans *et al*.2008; Morosini *et al*.1998; Evans and Mavondo, 2002; Sousa *et al*.2010; Hang & Godley 2009) point out that business companies can still be successful and realize enhanced performance when they invest in distance markets. As argued by Evans and Mavondo (2002), marketing firms invest in psychically close regions because near markets are easily understandable and as such provide an operating environment that is familiar. Oloko and Ogutu (2012) argue that psychically distance markets provide better business prospects, which in one way or the other translate to better organizational performance. Therefore, Oloko and Ogutu (2012) point out that since the psychic distance play an essential part in the success of MNCs, these multinational corporations must therefore take into consideration the culture of the prospective market as an approach to realizing better performance.

In summary, despite having a number of studies that describe the relationship between market entry strategies, psychic distance, dynamics of market channels and organizational performance, the study findings on this area of research have been sketchy and inconsistent and thus, this research thesis addressed the extant knowledge gap by studying the market entry strategies, moderating impact of psychic distance, moderating influence of the dynamics of market channel on performance of MNCs.

2.7 Summary of Knowledge Gaps

Studies on psychic distance and organisational performance have been performed in South America (Sousa & Lengler, 2009), in developed countries (Ragozzino, 2009), and Uganda (Nuwagaba *et al.*, 2013) and studies on market entry strategies in Latin America (Orcina, 2010), South Africa and Egypt (Bhaumik & Gelb, 2003). The studies in Kenya have focused on effect of mother country on the behaviour of consumers toward international fashion products in Nairobi (Njuguna, 2014), the role of competition in determining choice of strategic response of MNCs in Kenya (Thigah, 2015), impact of macro business environment on profitability of firms in Kenya's EPZ (Kosure, 2015), and on modes of entry into the market for a transition nation, Kenya (Ndegwa & Otieno, 2008). As far as the researcher understands, no single study has been done on the impact of perceived distance and market channel dynamics on the association between firm performance and modes of entry of overseas corporations in Kenya.

While some studies have been done on the association between mode of market entry and organizational performance, the studies were not conclusive. These studies present conceptual, contextual and methodological gaps that call for further studies. Studies in developed world (Arnstorp, 2013; Ragozzino, 2009) and in developing world (Sousa & Lengler, 2009; Orcina, 2010) focused on either psychic distance or strategies of market entry. The studies did not consider the implications of dynamics of marketing channel that can have an effect on the association between modes of market entry and organisational performance.

The studies in Africa have also revealed knowledge gaps that this study addresses. The studies from South Africa and Egypt (Bhaumik & Gelb 2003) paid more attention to the market entry strategies while a study in Uganda (Nuwagaba *et. al.* 2013), focused on psychic distance and organisational performance. These studies did not capture the role of marketing channel dynamics and their impact on the association between mode of entry into the market and firm performance which the study investigated.

Several studies revealed methodological gaps. Some studies have approached the investigation from a case study perspective (Orcina, 2010) or survey design (Ragozzino, 2009; Sousa & Lengler, 2009), although useful in describing the current situation and offering a base for future research, they have limitations of being unable to offer future predictions. Even the local Kenyan study by Ndegwa and Otieno (2008) approached the investigation from an exploratory point, which despite giving preliminary insights is limited by unclear conclusions which can be a challenge for decision making. According to the current researcher there was a need to carry out further investigation using a cross sectional descriptive research approach to determine the influence of marketing channel dynamics and perceived distance on the association between strategies of market entry and firm performance.

The local studies revealed more research gaps. Kosure (2015) conducted a study on perceived value of investment, macro-marketing setting, and incentives of promotion and performance of organizations in export processing zones (EPZ). The study used macro-marketing environment as the moderating variable and only focused on firms in export processing zones while the current study uses marketing channel dynamics and psychic distance as a moderating variables and focused on multinational firms. Njuguna (2014) conducted an examination on the influence of consumer attributes, mother country, and behaviour of consumers towards cloths emanating from abroad markets. The study used consumer behaviour as the variable component and country of origin as a predictor quantity and focused on foreign clothing brands unlike the current study that used market entry strategy as the independent variable, psychic distance as a moderating variable and organisational performance as the predicted component and concentrated on Kenya's

MNCs. An investigation by Ndegwa and Otieno (2008) focused on market entry modes in Kenya and established that FDIs, joint venture, and acquisitions as the major entry modes to the Kenyan market by multinational corporations. The study investigated only market entry modes and the current study expanded on the variables by including marketing channel dynamics, psychic distance and performance of MNCs firms.

Empirical evidence suggested that despite several studies having been done on market entry strategies, at international, regional and local levels, they have shortcomings in terms of variables (Arnstorp, 2013; Ndegwa & Otieno 2008), research design (Dino Orcina, 2010; Sousa & Lengler, 2009; Ragozzino, 2009) and how the variables under the study were operationalized (Kosure, 2015; Njuguna, 2014; Nuwagaba *et al.,* 2013). From the extant literature, it is evident that the researcher is not aware of any study that has been able to study all the four variables that this thesis study considered. Table 2.1 summarizes the key gaps in knowledge.

Table 2.1: Summary of Knowledge Gaps

Author	Focus of Study	Methodology	Findings	Knowledge gaps	How current study addressed the gaps
Evans and Mavondo (2002)	To establish the linkage between firm performance and psychic distance in retail sector	Survey-analytical design involving 103 supervisors of non-food retail shops in Asia, America& Europe	There is an indirect association between perceived distance and firm performance	The examination was short of a structure detailing how dynamics of marketing channel and strategies of entry influence productivity.	The investigator slot in the role of marketing channel subtleties and market entry approaches on profitability
Njuguna (2014)	Influence of consumer behaviour, consumer attitudes and characteristics as well as country of origin on international fashion products in Kenya	Descriptive cross-sectional research design	A direct association between consumer behaviour and consumer features exists. Mother country has an effect on the behaviour of consumers towards international fashion products. The attitudes of consumers moderate the association between consumer behaviour and country of origin.	The behaviour of consumers was used as the predicted component and native country the predictor variable. The focus of the study was on transnational fashion brands	This current study used organizational performance as predicted component, market entry as predictor parameter, and perceived distance as a moderating element, and focused on international corporations
Dino Orcina (2010)	The subtleties of entry and growth approach in new markets; A case for Wal-mart Supermarket	A case study research design of a firm	Knowledge and experience gained from other marketplaces assist in strategies of entry into new markets. Wal-Mart effectively applied acquisition as an entry approach into emerging markets	The inquiry did not evaluate psychic distance role on the relationship and was a case for Brazilian firms. Geographical background gaps with Kenya exist.	The current examination included the contribution of perceived distance in the association and was conducted in Kenya
Sousa&Lengler, (2009)	Marketing entry strategy, psychic distance, and firm profitability in Brazilian's export firms	A survey design on directors of exporting companies in Brazil	Distribution and price were negatively linked to export performance. Promotion, psychic distance and product flexibility were directly linked to performance	The examination is devoid of foundation depicting the contributions of marketing channel subtleties and modes of entry on profitability	The thesis appreciated the part played by modes of entry into the market and market channel dynamics on the performance.
Kosure (2015)	Observed value of external-marketing condition, investment	Descriptive cross-sectional survey	Mediating impact of macro-environment on the association between firm profitability and	The study used macro environment as the mediating component and	The current inquiry employed psychic distance as the moderating parameter and

	promotion characteristics, firm characteristics, and profitability of companies in Kenya’s EPZs		knowledge management showed that psychic distance account for small difference in the association between performance and some elements of the parameters.	only aimed at firms in export processing zones in Kenya.	focused on multinational firms.
Ragozzino(2009)	Influences of physical distance on international acquisition practice of American companies	Survey of US firms	As political risk and cultural distance heighten, acquirers favour complete ownership for acquisitions of distant deals and joint ownership for close targets	The examination failed to relationship modes of entry into the market to the performance of the firm	The current study incorporated corporate performance as the consequence of the relationship.
Summon et al(2003)	Factors affecting the choice of entry strategies of global firms in new markets; a case for Egypt and South Africa	Survey studies	Factors affecting the choice of entry strategies differ between and among third-world and developed nations	Organizational performance were not incorporated into these inquiries	The researcher adopted performance as the consequence of the association

Source: Researcher (2020)

2.8 Conceptual Framework

The thesis research employed the following conceptual Framework.

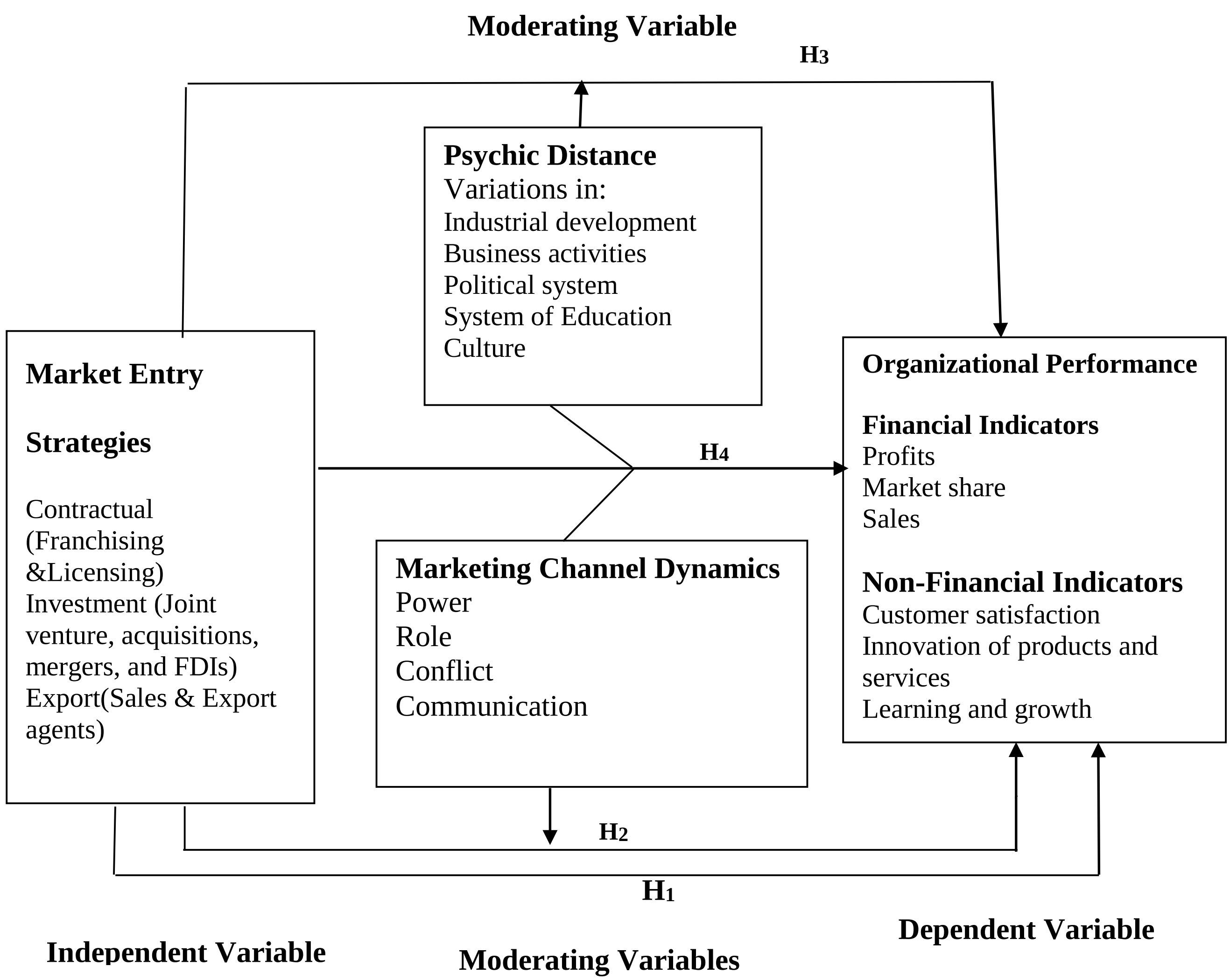


Figure 2.1: Conceptual Model

Source: Current Author (2020)

The conceptual framework depicted in Figure 2.1 above demonstrates that strategy of market entry affects firm performance (H1) similarly; marketing channel dynamics have a moderating impact on the association between strategies of market entry and organisational performance (H2). Further, psychic distance has a moderating influence on the association between strategies of entry into the market and organisational performance (H3). Finally, the model depicts the joint effect of dynamics of marketing channels and perceived geographical distance on the association between strategies of entry into the market and firm performance (H4).

2.9 Conceptual Hypotheses

In light of the above conceptual framework, the researcher formulated the following study hypotheses:

H_1: A significant relationship between market entry strategies and firm performance exists

H_{1a}: *A significant relationship between market entry strategies and firm financial performance exists*

H_{1b}: *A significant relationship between market entry strategies and firm non-financial performance exists.*

H_2: The relationship between market entry strategies and organisational performance is significantly moderated by market channel dynamics.

H_{2a}: *The relationship between market entry strategies and financial organisational performance is significantly moderated by dynamics of marketing channel.*

H_{2b}: *The relationship between market entry strategies and nonfinancial performance is significantly moderated by marketing channel dynamics.*

H_3: The relationship between market entry strategies and organisational performance is significantly moderated by perceived psychic distance.

H_{3a}: *The relationship between market entry strategies and financial performance is significantly moderated by perceived psychic distance.*

H_{3b}: *The relationship between market entry strategies and non-financial performance is significantly moderated by perceived psychic distance.*

H_4: A significant joint effect of strategies of entry into the market, psychic distance and marketing Channel Dynamics on firm Performance exists.

H_{4a}: *A significant joint effect of market entry strategies, psychic distance, and marketing channel dynamics on financial performance exists.*

H_{4b}: *A significant joint effect of strategies of entry into the market, psychic distance, and marketing channel on nonfinancial performance exists.*

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section details the research method employed to answer the study hypotheses. A study methodology is a section of an inquiry that details the study process in a way comprehensible to the audience. In particular this chapter outlines the study philosophy, research approach, target population, sampling procedure, sampling frame, approaches to collecting data, analysis of data and testing of the study instruments.

3.2 Research Philosophy

There exist various philosophical underpinnings in social research such as epistemology and ontology. As per Saunders *et al.* (2007), ontology is the state of nature, the interactions and grouping within a given state. Harvey (2006) observed that positivism and phenomenology are distinct epistemological philosophical underpinnings. Saunders et al. (2007) argued that phenomenological as a class of epistemology deals with the study of a phenomenon from the unknown to the known and it is a perceptional approach.

Positivism, as argued by Harvey (2006), refers to the investigation of phenomena through an objective approach, whereby undertaking the observation is autonomous of the phenomena under observation. Creswell (2012) pointed out that positivism is a science, which employs empirical approaches on how causes of a given phenomenon determine the outcome. According to philosophy, there exist no absolute truth except, individuals undertake research as a means of ascertaining the claims or abandoning them. This study adopted paradigm of positivism philosophy because the research was guided by process of hypothesis testing, which either confirmed the hypotheses or refuted them and established how the various variables of the study were related.

3.3 Research Design

The researcher utilized a descriptive cross-sectional design study approach because it made it possible for the researcher to fully describe various characteristics of the research study. According to Zikmund (2003), this approach entails obtaining data at a certain period. Babbie (2010) observes that many descriptive studies are cross-sectional in nature. This type of descriptive cross-sectional research design had been used before by researchers including Kosure (2015) and Njuguna (2014). The design allows description of relationships among variables and enhances accurate description of characteristics, events and persons.

3.4 Study Population

The study population encompassed MNCs operating in the republic of Kenya. Reports by Kenya Association of Manufacturers and Government of Kenya (KAM, 2011 and GOK, 2013) respectively, showed that a total of 213 multinational corporations are operating in Kenya and these were the unit of analysis. The researcher deemed this as an ideal target population because these companies have employed various approaches to set foot in Kenya. These MNCs are from the US, Holland, United Kingdom (UK) Korea, Japan, Italy, India, Germany, Switzerland, Sweden, China and France as tabularized in Table 3.1.

Table 3.1: Population Size

	Country of Origin	Target Population
1	Netherlands	25
2	UK	73
3	USA	11
4	Korea	6
5	Japan	26
6	Italy	9
7	India	13
8	Germany	7
9	Switzerland	17
10	Sweden	15
11	China	8
12	France	3
	Total	**213**

Source: KAM (2013)

3.5 Sample Design

The Finite population formula put forth by Yamane (1967) and cited by Israel (2009) was employed to arrive at the desired sample size

$$n = \frac{N}{1+N(e^2)}$$

Where:

N= Population (213)

n= target sample size

e = error of margin at 5%

The study sample size was:

$$n = \frac{213}{1+213(0.05)^2}$$

n= 139

Three employees of the organization were targeted from these 139 firms. The respondents were the top management (either Country director, Marketing Director or Operations Manager). These respondents were favoured as it was assumed they possess a thorough knowledge of the whole organization.

The researcher utilized the stratified sampling to establish proportionate sample from every single stratum. Simple random sampling was then used to select sample from every single stratum. Due to large population, the random numbers were selected using a computer program. This is summarized in Table 3.2.

Table 3.2: Sample Size

Country of Origin	Target Population	Sample Size	Percentage
Netherlands	25	16	11
UK	73	48	35
USA	11	7	5
Korea	6	4	3
Japan	26	17	12
Italy	9	6	4
India	13	8	6
Germany	7	5	4
Switzerland	17	11	8
Sweden	15	10	7
China	8	5	4
France	3	2	1
Total	**213**	**139**	**100**

Source: Researcher (2020)

3.6 Data Collection

The researcher utilized both primary and secondary sources for data collection. Both internal and external materials were utilized to gather secondary data. Secondary data was collected from the financial records of the Multinational corporations in Kenya. The questionnaire, with both unstructured and semi-structured questions, was developed to collect primary information from the respondents. The questionnaire for this study comprised of five parts, whereby the first part comprised the part of the profile of the various multinational companies while the rest of the parts captured the study variables. This includes market entry strategies, marketing channel dynamics, psychic distance and performance. The instrument of data collection was administered through personal interviews by research assistants under close supervision by the researcher. The study targeted either the Country director, Marketing Director or Operations Manager, as the researcher believed these respondents had the required information about their organizations.

3.7 Reliability and Validity Tests

3.7.1 Reliability Tests

Morgan and Waring (2004) take data reliability to mean the extent to which data obtained offers meaningful generalizations when analyzed. The study employed inter-rater and internal consistency as reliability checks which helped verify the study findings hence deeming it suitable for the research.

The measures in the questionnaire were tested for reliability by use of Cronbach's alpha model proposed by Sekaran and Bougie (2016). This model offers exceptional, quantifiable estimate of the internal uniformity of a scale (Cooper et al., 2006). Nunnaly (1978) recommends a reliability of measure of greater than 0.70. Whereas Njeru (2013) used Cronbach's alpha of > 0.60, Ogollah (2012) used > 0.70 which was a good test of reliability as recommended by Nunnaly. As per this study, constructs with >0.7 were considered to correspond to Nunnaly's (1978) suggestion.

3.7.2 Validity Tests

In the words of Cooper and Schindler (2006), “validity of study tools means the extent to which study instruments measure that which it is intended to gauge”. Study validity is three folded: construct, criterion, and content validity. However, the focus of this examination was on content validity which was verified by comparing the study constructs to the feedback forms.

The questionnaire was discussed together with specialists in global marketing field and adjusted appropriately. Based on study objectives and variables, the respondent’s reactions were taken up to determine the value of the research tools regarding the coverage, quantity, and clarity of questions. Lastly, two tests including the Barlett’s Measure of Sphericity and KMO Test of Sampling Adequacy were performed to test if the data obtained was appropriate and adequate for inferential tests like multiple linear regression and factor analysis. On the word of Field (2000), the KMO value must be >0.5 for any group of data to be considered appropriate and sufficient for analysis.

3.8 Operationalization of Study Variables

This part encompassed operationalization research parameters, as well as other components of the conceptual model.

Table 3.3: Operationalization of the Study Variables

Variable	Type of variable	Operational Indicators	Measurement	scale	Supporting Literature	Question
Strategies of Market entry	Independent	Investment strategy (foreign direct investment), Contractual strategy (Franchising & licensing) Export strategy (sales & export agent)	Rating scale 1.not at all 2.small degree 3.moderate degree 4.large degree 5.very large degree	Interval	Root (1994); Yadong (1999) AlbaumDuerr, (2008); Hill(2007)	Section B Question 9
Market channel dynamics	Moderating variable	Dispute/conflict, Communication, Power, Roles	Rating scale 1.not at all 2.small degree 3.moderate degree 4.large degree 5.very large degree	Interval	Stern & El-Ansary (1992); Williamson (1999)	Section C Question11.
Psychic distance	Moderating parameter	Variation in education system, business operations, cultural values, language, and system of politics	Rating scale 1.not at all 2.small degree 3.moderate degree 4.large degree 5.verylarge degree	Interval	Evans &Mavondo(2002);Chetty & Campbell-Hunt (2004); Sousa & Bradley (2006)	Section D Question 13
Performance of MNC firms	Dependent	Efficiency, profits, sales, share market, Effectiveness, Relevancy, Customer Satisfaction	Direct measure, Ratio scale & likert scale	Direct measure, Ratio & likert scale	Lusthaus et. al(2002), Rolnicki (2011)	Section E Question 16.

Source: Author (2020)

3.9 Diagnostic Tests

The study has four variables; firm performance, psychic distance, entry strategies into the market and dynamics of marketing channel. The diagnostic measures performed included multi-collinearity, homogeneity, linearity, and normality. The data was subjected to linearity tests; linearity is an assumption that the collection of data can be described by a straight line through the data array. The data was also subjected to a normality test using Shapiro-Wilk test while multicollinearity was tested using Variable Inflation Factors (VIF) and accompanying Tolerance Tests. Finally, the study used Levene test to test for homogeneity of the variances.

3.10 Data Analysis

Data analysis is the use of intellectual thinking to comprehend the collected data so as to sum up the pertinent information and draw consistent patterns in the inquiry (Zikmund et al, 2010). Either, data analysis is a means of organizing and minimizing data to generate results that must be interpreted (Ott & Longnecker, 2015). Self-administered questionnaires were utilized to gather quantifiable data. A computer package, namely SPSS, was brought into play to synthesize the data obtained. Finally, the processed data was scrutinized through both inferential and descriptive statistical analysis.

Calculation of frequencies and mean formed part of the descriptive statistical analysis, these were utilized to classify and summarize the data obtained for easy deductions. Inferential statistical analysis like hypotheses testing and Pearson correlation were employed to make deductions with regard to the population characteristics as well as check and reduce the normality of parameters plus the normality of variables. Table 3.4 tabulate a summary of the regression model, analysis of data, and how the study findings were interpreted.

Table 3.4: Summary of Regression Models, Analysis, and Interpretation of Results

Objective	Hypothesis	Analysis techniques	Interpretation of output of the analytic method
Objective One:Establish the relationship between strategies entry into the market and performance of Kenya's MNCs	H_1 A significant association between modes of market entry and firm performance exists	Simple Régression analysis Performance=f(market entry strategies) $P_1= \beta_{o1} + \beta_{11}X_1+ \beta_{12}X_2+\beta_{13}X_3+\varepsilon_1$ P_1= Composite index for Performance of MNC firms β_{o1} = constant (intercept) β_{11} β_{12} β_{13}=regression coefficients X_1=export entry strategy X_2=contract entry strategy X_3=investment entry strategy ε_1-is the error term	-R^2shows the extent to which the change in predicted component is explained by the predictor component - To perform variance analysis (F-test) to analyze the overall significance and robustness of the study model -Perform T-test to ascertain individual significance of the association
Objective Two: Determine the impact of marketing channels dynamics on association between modes of entry into the market and organizational performance of Kenya's multinational companies	H_2The association between firm performance and modes of entry into market is greatly moderated by dynamics of market channel	Simple Regression analysis $P_2= \beta_{o2} + \beta_{14}MES+\beta_{15}MCD+\varepsilon_2$ $P_3 = \beta_{o3} + \beta_{16}MES+\beta_{17}MCD +\beta_{18}$ MES *MCD $+\varepsilon_3$ Where $\beta_{o2...}$ β_{o3} =constants (intercepts) $P_{2.....}P_3$ = is the Composite index for Performance of MNC firms MES = Composite index for market entry strategies MCD= Composite index for marketing channel dynamics $B_{14}.....\ \beta_{17}$=regression coefficients $\beta_{18.....}$ Interaction of market entry strategies and marketing channel dynamics $\varepsilon_{2......}\varepsilon_3$= Error term	A significant change in R^2after introduction of interactive term (MCD) confirms moderating effect of MCD. The moderating impact is significant if P value≤ 0.05.
Objective Three:Uncover the impact of perceived distance on the correlation of strategies of entry into the market with corporate performance	H3 The relationship between the modes of entry into the market and corporate performance is moderated by perceived psychic distance	Simple Regression analysis P_4= f(market entry strategies +psychic distance) $P_4= \beta_{o4}+\beta_{19}MES +\beta_{20}PD+\varepsilon_4$ $P_5 = \beta_{o5} + \beta_{21}MES+ \beta_{22}PD +\beta_{23}$ MES *PD $+\varepsilon_5$ $P_{4.....}P_5$= Composite index for Performance of MNC firms $\beta_{o4}...\ \beta_{o5}$=constants (intercepts) MES = Composite index for market entry strategies PD= Composite index for Psychic distance $\beta_{19.....}\ \beta_{22}$=regression coefficients $\beta_{23.....}$ Interaction of psychic distance and modes of market entry	-$R^2$to determine the level to which the variation in predicted parameter is explained by the predictor parameter A significant variation in R^2after introduction of interactive term (PD) confirms moderating effect of PD. The moderating impact is significant if P value≤ 0.05.

		E_5= Error term	
Objective Four: Determine the joint impact of strategies of entry into the market, psychic distance and marketing channels dynamics on corporate performance of multinational companies in Kenya.	H_4A significant joint impact strategies of entry into the market, psychic distance, and marketing channels dynamics on Performance exists	Multiple Régression analysis $P_6= \beta_{o6} + \beta_{24}$ MES + β_{25} MCD+ β_{26} PD+ε_6 P_6= Composite index forPerformance of MNC firms β_{o6} = constant (intercept) $\beta_{24\ldots}\beta_{26}$ =regression coefficients MES= Composite index for Market entry strategies MCD= Composite index formarketing channel dynamics PD= Composite index for Psychic Distance E_6= Error term	-R^2 to examine the level to which variation in predicted component is explained by an interaction with the predictor variable - To perform variance analysis (F-test) to analyze the general significance and robustness of the study model -Conduct T test to determine significance of the individual variables

Source: Current Author (2020)

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

Presented in this chapter are the outcomes of response rate and detailed results of the analysis of the respondents' data on variables classified as strategies of market entry, psychic distance, market channel dynamics, and organisational performance. Tests for reliability and validity were performed and outcomes were shown to be within the required limits for further analysis. Inferential and descriptive statistics altogether were used in analysing the data.

Multivariate techniques, particularly multiple regression analysis, were utilized to confirm the four hypotheses. In addition, the level of association between the study parameters was analysed through analysis of correlation and outcomes illustrated in figures and tables

4.2 Response Rate

The research survey went for 139 multinational corporations in Kenya. The pertinent outcomes are shown in Table 4.1.

Table 4.1: Response Rate

Response Rate	Frequency	Percentage (%)
Returned	113	81.29
Not Returned	26	18.71
Total	**139**	**100.00**

Source: Primary data

Table 4.1 shows that 139 questionnaires were distributed, out of which 113(81.29%) were filled. The response rate was deemed adequate as pointed out by Kothari (2011) that a response rate above 70% is very good and supported by Saunders, Lewis and Thornhill (2016) that an 80 percent rate of response is very good. The rate of response is consistent with previous studies. For instance, Kosure (2015) study had a response rate of 81.4% and Njuguna (2014) study had a response rate 99.2%.

4.3 Profile Information of the Company

Majority of the companies were in the services sector (21%) while the agricultural sector had the least companies with 5.3%, this shows there is growth of the MNCs in the service sector an indicator of a growing economy. The companies had an average of 496 employees, with trading sector having the smallest number of employees (5) and the manufacturing sector having the largest number of employees (2082), implying that manufacturing firms are highest employers among MNCs. Most multinational companies were started after 1960; this shows that after the independence period the political stability provided opportunities for these MNCs to venture into the country. The greater part of the respondents were operation managers 38.4% with marketing directors coming second at 34.7% and general managers at 26.9%, this imply that most of the respondents were conversant with the information relevant for the study.

Of the total respondents, 28% and 51% had a Master's and Bachelor's degree respectively. Those with college certification were at 14% and PhD were at 7%. The highest academic qualification with lion's share having an undergraduate degree enables the top management of these organizations to easily learn and acquire knowledge which can be used for making informed decisions. In addition, the highest level of education attained indicates that the better part of the respondents' information can be depended on to make wide-ranging study inferences.

4.4 Test of Reliability

Cronbach Alpha, an instrument that measures internal uniformity, was applied to assess the consistency of the current research tool. This instrument is commonly employed to test the instrument's reliability. According to Babbie and Mouton (2009), a figure of greater than 0.7 reveals the reliability and internal consistency of the study instrument. Babbie and Mouton (2009) further mention that internal consistency implies that the item or questions incorporated in the construct truly is part of the construct. Table 4.2 below depicts the inquiry's reliability scores

Table 4.2: Reliability Results

Variable	Statements	α=Alpha	Reliability status
Market entry strategies	18	0.823	Reliable
Market channel dynamics	28	0.842	Reliable
Psychic distance	26	0.776	Reliable
Organizational performance	9	0.854	Reliable

Source: Primary data

The findings in Table 4.2 demonstrate the reliability of all the study parameters with a coefficient more than 0.7. Organizational performance had the greatest reliability (α=0.854) with market channel strategies coming second (α=0.842), while psychic distance had the lowest coefficient (α=0.776). The results were consistent with recommended level of reliability of Cronbach alpha of 0.7 as advocated by Hair et al. (2010) and Field (2009).This implies that the instrument provided a relatively good measurement tool of the variables of the study and therefore it was deemed reliable.

4.5 Test of Validity

Validity test is done to weigh up the level to which a research device gauges what it is expected to measure (Kothari, 2004). Furthermore it tests if the obtained data was appropriate and adequate for inferential statistical analysis like multiple linear regression and factor analysis. Barlett's measure of Sphericity and KMO test of sampling adequacy were computed. As recommended by Field (2009), data is considered appropriate and adequate for analysis if the value of KMO is more than 0.5. In addition, factor analysis was used in providing evidence of construct validity.

4.5.1 Market Entry Strategies

Table 4.3 below presents the Bartlett's Test and KMO sampling adequacy results for market entry strategies

Table 4.3: Market Entry Strategies KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test	
KMO Measure	.726
Bartlett's Chi- Square	1059
Bartlett's df	105
Bartlett's Sig.	.000

Source: Primary data

The study outcomes in Table 4.3 show that KMO statistic was very significant at .726, a value more than the critical significance test level set at 0.5 (Field, 2009). Also, the Barlett's Measure of Sphericity was very significant (Chi-square = 1059 with 105 degree of freedom, at p 0.000<0.05). The degrees of freedom of 105 indicated the number of random samples which varied in size drawn from independent normal distributions. These outcomes indicate the adequacy of data calling for further statistical analysis.

After performing measures of reliability and validity, factor analysis was carried out using PCM. Factor analysis is useful for providing evidence of construct validity. PCM helps in explaining the structure of variables that are being analysed by isolating items that belong to a particular construct and hence condensing the data into a few clusters or groups of components that describe a variable (Field, 2009).The relevant findings are shown in Table 4.4.

Table 4.4: Market Entry Strategies Factor Loadings

Items	Factor loadings
Export entry mode	
Our organization does direct export of all products and services	.800
Our organization has an import division doing all the import activities	.589
Our organization has an agent that handles all export and import activities	.689
Contracting entry mode	
Our organization offers products/services within specified rules, procedures and processes specified by our parent company	.790
Our organization designs, develops and maintains products/services with technology derived from our parent company	.796
Our organization uses name, logo and trade mark of our parent company	.708
Our organization offers products/services using managerial and marketing skills permitted by our parent company	.864
Our company always uses preparation and production techniques permitted and approved by our parent company	.581
Our organization always pays a given fee or royalty to our parent company	.543
Investment mode of entry	
Our company is a foreign company that came and set up a new plant and machinery in the country	.656
Our company is in partnership with a parent foreign company	.736
Our company was partly sold to a foreign company	.855
Our company shares profits with our foreign company partner	.734
Our company was totally acquired by another foreign company leading to our new company name	.777
The company shares risks and losses with our foreign company	.603

Source: Primary data

The item that “our organization offers products/services using managerial and marketing skills permitted by our parent company” had the highest coefficient of.864, while the item that“our organization always pays a given fee or royalty to our parent company” had the lowest coefficient of .543.

Overall, the aim of performing factor analysis was to develop a reduced number of factors describing market entry strategies from a large number of variables/indicators. However, the factor analysis conducted on all the items describing market entry strategies had a coefficient of over 0.5 thus was reserved for further regression analysis

4.5.2 Marketing Channel Dynamics

The relevant results of the marketing channel dynamics KMO sampling adequacy and Bartlett's Measure are summed up in Table 4.5.

Table 4.5: Marketing Channel Dynamics KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test	Statistics
KMO Measure	.700
Bartlett's Chi- Square	2108
Bartlett's df	300
Bartlett's Sig.	.000

Source: Primary data

The findings in Table 4.5 depict the significance of the KMO statistics at .700, a value that is more than the critical significance level fixed at 0.5. Also, Bartlett's Measure of Sphericity was found to be significant (Chi-square = 2108.070 with 300 degree of freedom, at $p=0.000< 0.05$). The degrees of freedom of 300 indicated the number of random samples which varied in size drawn from independent normal distributions. The outcomes justified further statistical analysis of the collected data. After performing the measures for reliability and validity, PCM approach was utilized to conduct factor analysis. Analysis of factors was conducted on the constructs describing marketing channel dynamics and the pertinent outcomes are in Table 4.6.

Table 4.6: Marketing Channel Dynamics Factor Loadings

Items	Factor loadings
Roles	
Our company market channel functions are well defined	.829
Our company can arrange withdrawal of defective merchandise from the market	.667
Our company coordinate delivery schedules to meet customer expectations in the market	.785
Our company store merchandise in an appropriate facility for our customers.	.872
Our company maintain adequate stock to meet customer demand	.841
Our company orders appropriate assortment of products	.779
Our company Identifies major channel alternatives	.674
Communication	
Our company advertises for products and services we offer on behalf of our parent company	.825
Our company provides point of purchase displays for our products and services	.915
Our company provides salesforce to disseminate persuasive communications about our products and services to customers	.794
Our company often communicate with our parent company about competition in the market	.753
Our organization channel goals are under parent channel objectives leading to regular communication	.783
Conflict	
Our organization often disagrees with our parent company on key channel functions	.692
Our company often places an order to our parent company on time but they often delay shipments	.815
Our parent company often complains that our company places orders and payments late	.862
The parent company often fail to respond to our order queries on time	.799
Our parent company often make decisions for our market distribution without first consulting us	.802
Our parent company does not assist on distribution of products and services	.653
Our parent company often sends managers to manage our market channel functions without consulting us	.687
Power/control	
Our company often consults our parent company for advice on prices for products and services in the market	.780
Our parent company reward us for the volume of our business with them	.779
Our parent company often request legal advice on unclear business issues	.853
Our parent company often recommends the promotional strategies for our business offerings	.736
Our parent company often threaten our local firm when we disagree on issues	.715
Our parent company often makes recommendations on who should be employed on our organization	.744

Source: Primary data

The results depicted in Table 4.6 demonstrated that “Our company provides point of purchase displays for our products and services” had highest coefficients of 0.915 while “Our parent company does not assist on distribution of products and services” had the lowest coefficients of 0.653. The factor analysis conducted on the items describing marketing channel dynamics all fall in the accepted range of above 0.5 (50 percent) to represent acceptable factor structure and therefore retained for further analysis in regression.

4.5.3 Psychic Distance

Table 4.7 below sums up the findings for Bartlett’s and KMO Measure for psychic distance

Table 4.7: Psychic Distance KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test	Statistics
KMO Measure	.765
Bartlett's Chi- Square	2284
Bartlett's df	253
Bartlett's Sig.	.000

Source: Primary data

Table 4.7 uncovers that both KMO statistics and the Bartlett’s Measure of Sphericity were very significant with 0.765 and Chi-square = 2284.022(with 253degree of freedom, at p=0.000< 0.05) respectively. The degrees of freedom of 253 indicated the number of random samples which varied in size drawn from independent normal distributions. These findings justify the need for conducting a further analysis of data. The analysis of

Factors was performed on the items describing psychic distance and results tabularized in Table 4.8.

Table 4.8: Psychic Distance Factor Loadings

Item	Factor loadings
Perceived geographical differences	
We have a shared boundary in this country with our parent company country	.691
There is a short geographical distance from our parent company country to this country	.631
There is time related risk when shipping goods from our parent company country port to Mombasa port	.795
When our staff visit parent company country our company incurs substantial freight expenses	.777
We have a number of immigrants and visitors from this country to our parent company country	.886
We have a number of immigrants and visitors from parent company country in this country	.867
Perceived cultural difference	
We have similar national language in this country as our parent company country	.696
We speak similar business language with our parent company country	.641
This country regularly plays same sports with our parent company country	.845
We have closer historical and colonial ties in this country with our parent company country	.917
We use similar alphabetical letters in this country as in our parent company country	.860
The level of education of our managers in this country is the same as the one found in our parent company country managers	.887
We have similar religions in this country and in our parent company country	.839

We have similar form of government in this country as in our parent company country	.817
We sell same standardized products in this country and our parent country	.653
We sell different products(adaptations) in this country from the ones sold in our parent country	.708
Perceived economic difference	
Our parent company country uses same currencies as the one used in this country	.750
We have same level of development in this country as our parent company country	.846
This country and our parent company country belong to the same economic group/membership	.939
The level of corruption in our parent company country is the same as the one found in this country	.877
The marketing structure in this country is the same as in our parent company country	.701
We have strong commercial ties in this country with our parent company country	.709
We use same technology in this country as the one in our parent company country	.715

Source: Primary data

The results in Table 4.8 signify that "This country and our parent company country belong to the same economic group/membership" had the highest coefficient of 0.939 and that "There is a short geographical distance from our parent company country to this country" had the lowest coefficient of 0.631. In general, factor analysis conducted on all the items describing psychic distance yielded a coefficient of over 0.5; thus they were reserved for additional analysis

4.5.4 Organizational performance

The results of the KMO and Bartlett's Test for organisational performance are depicted in Table 4.9.

Table 4.9: Organizational performance KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test	Statistics
KMO Measure	.746
Bartlett's Chi- Square	480
Bartlett's df	36
Bartlett's Sig.	.000

Source: Primary data

Table 4.9 outcomes show that KMO statistics for organisational performance was .746 which was very significant relative to the predetermined significance level (0.5). Also, the Bartlett's Measure of Sphericity was found to be significant (Chi-square = 480 with 36 degree of freedom, at p=0.000< 0.05). The degrees of freedom of 36 indicated the number of random samples which varied in size drawn from independent normal distributions. The outcomes justified the need for extra analysis of the data. PCM was use to perform the analysis of factors, and was done on the constructs describing organizational performance and the pertinent outcomes summarized in Table 4.10.

Table 4.10: Organizational Performance Factor Loadings

Item	Factor loadings
Our firm has more loyal customers than competitors	.785
Our firm rarely receive complaints from customers about our products	.852
Our firm has customers that are happy with our processes, procedures and systems	.628
Our firm has customers that rarely complain about our processes, procedures and systems	.621
Our firm regularly generate new improved products and services	.793
Our firm regularly achieves its objectives and goals	.713
Our firm regularly generates products and services at reduced costs	.781
Our company regular objectives and activities reflect priorities of our stakeholders	.802
Our firm regularly participates in corporate social responsibilities	.643

Source: Primary data

Factor analysis conducted on the item "Our firm rarely receive complaints from customers about our products" had the highest coefficient 0.852 and "Our firm has customers that rarely complain about our processes, procedures and systems" had the lowest coefficient of 0.621.

The results indicates that all items describing organizational performance had a coefficient of over 0.5 thus were reserved for further regression analysis. The outcomes are in line with Hair et al. (2010) recommendations that a figure of more than 0.5 is acceptable.

4.6 Diagnostic Tests

There are some assumptions put forth by linear regression regarding the nature of data obtained such as there is no variance or multi-collinearity, and it ought to be normally distributed, and there is linearity. Statistical outcomes may yield inappropriate results if these presumptions do not conform to the data used. According to Osborne and Walters (2002), relying on data that does not meet these assumptions may result in under or overestimation of statistical significance or result in type I or type II errors. The outcomes of the measures for linearity, multicollinearity, and homogeneity are given as follows.

4.6.1 Test of Linearity

Scatter plots were utilized to carry out linearity test and show if a curvilinear or linear association between two continuous parameters before regression analysis is conducted. According to Osborne and Waters (2002), models of regression analysis can only accurate determine the association between predictor and predicted components if the relationship is linear in nature. Figure 4.1 below demonstrates the scatter plot of the relationship between independent and dependent elements of the study.

Figure 4.1 (a): Scatter Plots for Market Entry Strategies and Organizational Performance

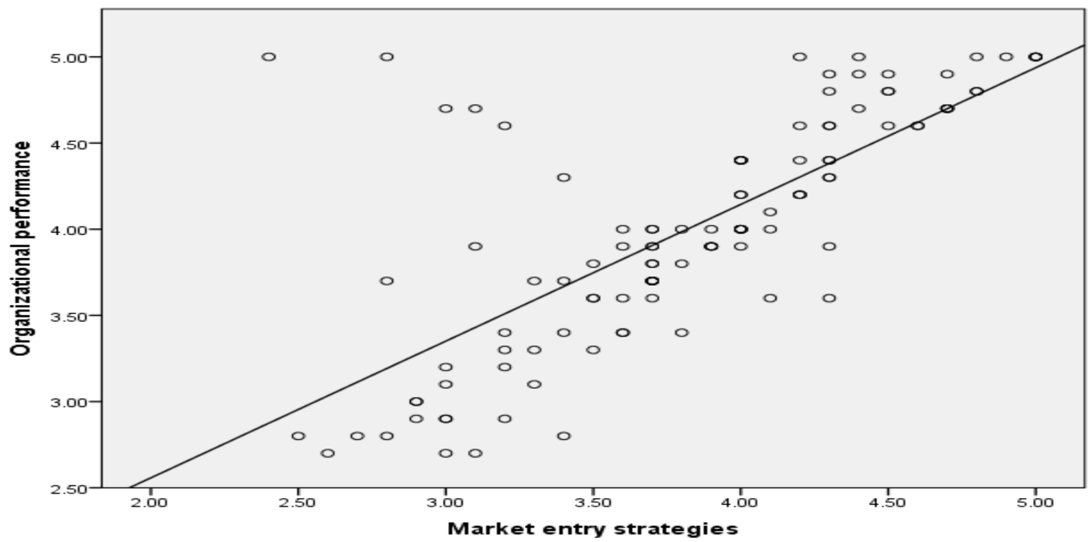


Figure 4.1 (b): Scatter Plots for Market Channel Dynamics and Organizational Performance

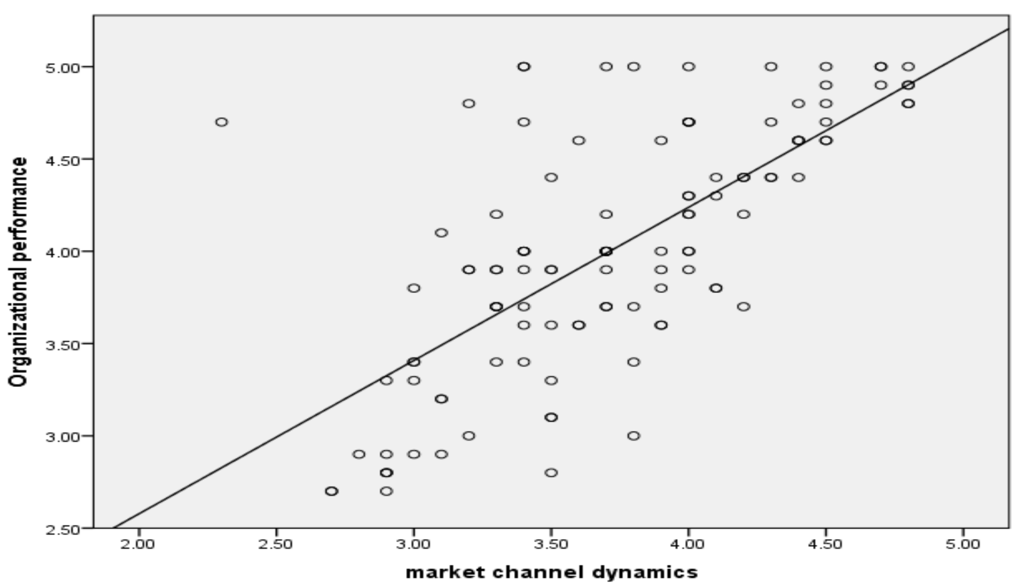
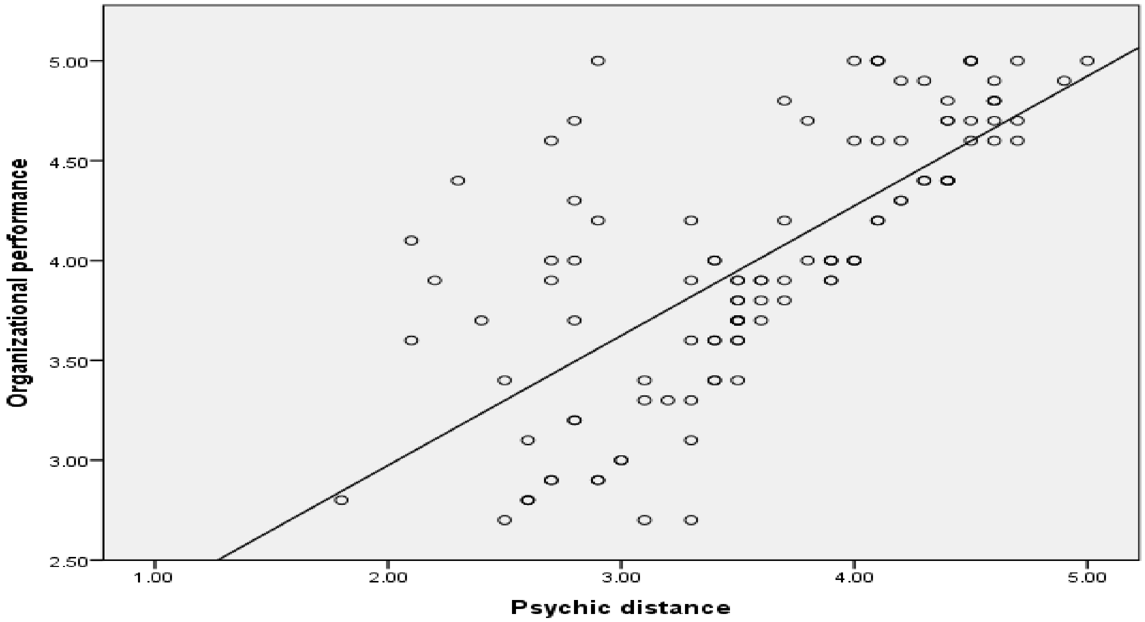


Figure 4.1 (c): Scatter Plots for Psychic distance and Organizational Performance



The linearity test indicates the relationship between independent and dependent components. The linearity test outcomes shows that the data set was exhibiting linear pattern hence fit for further analysis. As shown in the scatter plots in Figure 4.1, a positive linear correlation between market entry approaches and organizational performance together with market channel dynamics and organization performance exists. Also, a positive linear association between psychic distance and organizational performance exists.

4.6.2 Test for Normality

Generally, to carry out parametric tests like multiple regressions and correlation analysis, the data should be distributed normally. The absence of a normal data distribution may interfere with the outcomes of any extra analysis. In the present study, the investigator performed preliminary analysis to ascertain the normality of data distribution. Using

Shapiro-Wilk test, when non-significant results (>0.05) are obtained for a score it shows the data fits a normal distribution (Tabachnik & Fidell, 2007). The data presented in Table 4.11 presents the outcomes of the Shapiro-Wilk test.

Table 4.11: Outcomes of Shapiro-Wilk Test for Normality

	Shapiro-Wilk		
	Statistic	**Df**	**Sig.**
Market entry strategies	.982	113	.121
Market channel dynamics	.980	113	.094
Psychic distance	.994	113	.176
Organizational performance	.953	113	.061

Source: Primary data

The results obtained as shown in Table 4.11 reveal that data corresponding to each study parameter is distributed normally because the significance value of the research parameters exceeds 0.05 as per Hair et al., (2010). This implies that the data is appropriate for both regression and correlation analysis.

4.6.3 Test for Multicollinearity

Measures for multicollinearity were done since in serious cases of absolute connections between independent components, multicollinearity denote that there are higher correlations amongst the study variables (Field, 2009). Multicollinearity inflates confidence intervals and standard errors resulting in uneven approximations of the factors for independent parameters. In the current study, VIF was brought in to analyse multicollinearity. The rule of thumb is that, the VIF should be more than 10 and for

Tolerance the value should be less than 0.2 for collinearity (Hair et al., 2010). The outcomes of the measures of multicollinearity are presented in Table 4.12.

Table 4.12: Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
Market entry strategies	.474	2.109
Market channel dynamics	.438	2.285
Psychic distance	.477	2.097

Source: Primary data

The results for the test indicate that VIF of the variables ranges between 2.097 to 2.285 while for Tolerance the value ranges between 0.438 to 0.477 indicating there is no problem of multicollinearity between the study variables.

4.6.4 Levene's Test

This measure was brought into play to test for homogeneity. Homogeneity of variance is taken to mean even differences across samples. A number of statistical measures such as ANOVA presume that variances are uniform across samples or groups. For the current study Levene’s test outcomes are shown in Table 4.13.

Table 4.13: Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Market entry strategies	1.505	20	91	.257
Market channel dynamics	1.350	20	91	.373
Psychic distance	1.010	20	91	.459

Source: Primary data

The results indicated that the Levene's test range was between .257 and .459, therefore the Levene's test was over 0.05 confirming homogeneity. The study concluded that enough proof was lacking to argue that the variances are unequal

4.7 Descriptive Statistics

This part presents descriptive analysis for perceived psychic distance, corporate performance, strategies of entry into the market, and market channel dynamics. The first part shows the confirmatory of structure variables. The subsequent sections present results in form of mean scores and standard deviations.

4.7.1 Confirmation of Structure of Variables

Confirmatory factor extraction was carried out to confirm the structures for the four variables of the study namely; perceived psychic distance, organisational performance, strategies of entry into the market, and market channel dynamics. Table 4.14 summarizes the variables and the relevant statistics.

Table 4.14: Variable and Factor Statistics

Variable	Dimension/structure/factor	No. of Items	Mean Scores	Std. Dev.	CV (%)
Market entry strategies	Export strategy of entry	3	3.09	1.09	35
	Contracting entry mode	6	3.32	0.89	27
	Investment mode of entry	6	3.03	1.13	37
	Overall Market entry strategies	**15**	**3.14**	**1.07**	**33**
Marketing channel dynamics	Roles	7	4.32	1.26	29
	Communication	5	4.08	1.19	29
	Conflict	7	2.25	1.23	55
	Power/Control	6	3.51	1.20	34
	Overall marketing channel dynamics	**25**	**3.54**	**3.54**	**34**
Psychic distance	Perceived geographical differences	6	2.59	1.30	50
	Perceived cultural difference	10	2.92	1.23	42
	Perceived economic difference	7	2.55	1.09	43
	Overall psychic distance	**23**	**2.69**	**2.69**	**45**
Organizational performance	Financial performance	9	4.00	1.23	31
	Overall organizational performance	**9**	**4.00**	**1.23**	**31**

Source: Primary data

For market entry strategies, the confirmatory factor analysis resulted in three dimensions (contracting, export, and investment entry strategies). For marketing channel dynamics, the confirmatory factor analysis resulted in four dimensions labelled as roles, communication, conflict and power/control. Psychic distance resulted in three factors, namely perceived geographical differences, perceived cultural differences and perceived economic differences. Firm performance was two-folded: monetary and non-monetary performance.

The overall mean for market entry strategies was 3.14, a Standard deviation of 1.07 and a cumulative variance of 33%. The overall mean for marketing channel dynamics was 3.54, a Standard deviation of 3.54 and a cumulative variance of 34%. The overall mean for psychic distance was 2.69, a Standard deviation of 2.69 and a cumulative variance of 45%. Lastly, the overall mean for financial performance was 4.00, a Standard deviation of 1.23 and a cumulative variance of 31%.

4.7.2 Measures of Market Entry Strategies

The sub-constructs of modes of market entry were investment, export, and contracting entry strategies. Fifteen items (15) were employed to assess market entry strategies. Participants were requested to react to items measuring market entry strategies. Answers were given on a five-point Likert scale where 5= to a very large degree; 4=to a greater degree; 3=to a moderate degree; 2=to a small degree; and 1=not at all. The scores 'to very large degree" and "large degree" were lumped together, the scores for moderate extent were explained individually, and the scores for 'a small extent' and 'not at all' were also explained separately. The results were measured using mean scores and coefficient of variation (CV). The CV was calculated for each response in order to obtain a uniform measurement of the variation in the responses across different variables.

Basically, CV is found by dividing the standard deviation by mean and it measures the level of dispersion of a single variable and is normally expressed as a percentage. For purpose of this study, the coefficients of variation ratings were determined as 0 to 25% (very good), 26 to 50% (good), 51 to 75% (fair) and 76 to 100% (poor) this approach has been used before(Munyoki,2015; Kosure,2015).The pertinent results for mean scores and coefficient of variation are depicted in Table 4.15.

Table 4.15: Summary Scores for Measures of Market Entry Strategies

Market entry strategies	Mean Scores	Std Dev	CV (%)
Export entry mode			
Our organization does direct export of all products and services	3.09	1.39	45
Our organization has an import division doing all the import activities	3.32	1.47	44
Our organization has an agent that handles all export and import activities	3.03	1.42	47
Average	**3.14**	**1.43**	**45**
Contracting entry mode			
Our organization offers products/services within specified rules, procedures and processes specified by our parent company	4.14	0.96	23
Our organization designs, develops and maintains products/services with technology derived from our parent company	4.23	0.81	19
Our organization uses name, logo and trade mark of our parent company	4.34	0.81	19
Our organization offers products/services using managerial and marketing skills permitted by our parent company	4.17	0.88	21
Our company always uses preparation and production techniques permitted and approved by our parent company	3.91	1.10	28
Our organization always pays a given fee or royalty to our parent company	3.65	1.25	34
Average	**4.07**	**0.97**	**24**
Investment mode of entry			
Our company is a foreign company that came and set up a new plant and machinery in the country	2.89	1.54	53
Our company is in partnership with a parent foreign company	2.80	1.48	53
Our company was partly sold to a foreign company	2.06	1.22	59
Our company shares profits with our foreign company partner	2.80	1.47	53
Our company was totally acquired by another foreign company leading to our new company name	2.17	1.41	65
The company shares risks and losses with our foreign company	3.15	1.41	45
Average	**2.64**	**1.42**	40
Overall	**3.31**	**1.25**	**40**

Source: Primary data

The results indicate that "contracting entry mode" was "a very good" market entry strategy that influences organisational performance with a coefficient of variation (CV) of 24%. While "investment mode of entry" with a coefficient of variation (CV) of 40% and"export entry mode" with coefficient of variation (CV) of 45% were "good" market entry strategies that influence organizational performance. Overall, all modes of market entry-contracting, export and investment- are "good" sub-constructs of market entry strategies in explaining organizational performance. This is explained by an overall CV of 40%.

4.7.3 Measures of Marketing Channel Dynamics

The sub-constructs of marketing channel dynamics were roles, communication, conflict and power/control. Twenty five items (25) were utilized to gauge marketing channel dynamics. Participants were requested to react to items measuring marketing channel dynamics. Answers were given on a five-point Likert scale where 5= to a very large degree; 4=to a greater degree; 3=to a moderate degree; 2=to a small degree; and 1=not at all.

The scores for 'to a very large degree' and 'large degree' were lumped together, the scores for moderate degree were explained individually, and the scores for 'a small degree' and 'not at all' were also explained separately. The views of the respondents regarding these sub-constructs were looked for and the ratings given. The results were measured using mean scores and coefficient of variation as presented in Table 4.16. For purposes of this study, the coefficients of variation ratings were determined as 0 to 25% very good and 76 to 100% poor.

Table 4.16: Summary Scores for Measures of Marketing Channel Dynamics

Marketing Channel Dynamics	Mean Scores	Std Dev	CV (%)
Roles			
Our company market channel functions are well defined	4.31	0.91	21
Our company can arrange withdrawal of defective merchandise from the market	4.26	0.82	19
Our company coordinate delivery schedules to meet customer expectations in the market	4.33	0.78	18
Our company store merchandise in an appropriate facility for our customers.	4.42	0.74	17
Our company maintain adequate stock to meet customer demand	4.27	0.94	22
Our company orders appropriate assortment of products	4.42	0.7	16
Our company Identifies major channel alternatives	4.26	1.02	24
Average	**4.32**	**0.85**	**20**
Communication			
Our company advertises for products and services we offer on behalf of our parent company	3.96	1.06	27
Our company provides point of purchase displays for our products and services	4.09	0.97	24
Our company provides sales force to disseminate persuasive communications about our products and services to customers	4.21	0.94	22
Our company often communicate with our parent company about competition in the market	4.19	0.98	23
Our organization channel goals are under parent channel objectives leading to regular communication	3.97	1.11	28
Average	**4.08**	**1.01**	25
Conflict			
Our organization often disagrees with our parent company on key channel functions	2.32	1.1	47
Our company often places an order to our parent company on time but they often delay shipments	2.32	1.16	50
Our parent company often complains that our company places orders and payments late	2.12	1.15	54
The parent company often fail to respond to our order queries on time	2.14	1.13	53
Our parent company often make decisions for our market distribution without first consulting us	1.97	1.06	54
Our parent company does not assist on distribution of products and services	2.21	1.24	56

Our parent company often sends managers to manage our market channel functions without consulting us	2.7	1.41	52
Average	**2.25**	**1.18**	52
Power/Control			
Our company often consults our parent company for advice on prices for products and services in the market	3.6	1.2	33
Our parent company reward us for the volume of our business with them	3.9	1.1	27
Our parent company often request legal advice on unclear business issues	3.7	1.1	30
Our parent company often recommends the promotional strategies for our business offerings	3.8	1.1	28
Our parent company often threaten our local firm when we disagree on issues	2.8	1.2	43
Our parent company often makes recommendations on who should be employed on our organization	3.2	1.4	44
Average	**3.51**	**1.18**	**34**
Overall	**3.50**	**1.05**	**33**

Source: Primary data

The outcomes from the current study indicate that the role with a coefficient of variation (CV) of 20% was “a very good” factor of market channel dynamics that influence organisational performance. While conflict with a coefficient of variation (CV) of 52% was“a fair” factor of market channel dynamics that influence organisational performance. Overall, role, communication, conflict and power/control are “good” sub constructs of marketing channel dynamics in explaining organizational performance. This is explained by an overall CV result of 33%.

4.7.4 Measures of Psychic Distance

The sub-constructs of psychic distance were perceived geographical differences, perceived cultural difference and perceived economic difference. Twenty three items (23) items were used to measure psychic distance. Participants were requested to respond to items measuring psychic distance. Answers were given on a five-point Likert scale where 5= to a very large degree; 4=to a greater degree; 3=to a moderate degree; 2=to a small degree; and 1=not at all. The scores for 'to a very large degree' and 'large degree' were lumped together, the scores for moderate extent were explained individually, and the scores for 'a small extent' and 'not at all' were also explained separately. The views of the participants regarding these sub-constructs were searched for and the ratings shown. The results were measured using mean scores and coefficient of variation as presented in Table 4.17. For purposes of this study, the coefficients of variation ratings were determined as 0 to 25% (very good), 26 to 50% (good), 51 to 75% (fair) and 76 to 100% (poor).

Table 4.17: Summary Scores for Measures of Psychic Distance

Psychic distance	Mean Scores	Std Dev	CV (%)
Perceived geographical differences			
We have a shared boundary in this country with our parent company country	1.82	1.10	61
There is a short geographical distance from our parent company country to this country	1.90	1.09	57
There is time related risk when shipping goods from our parent company country port to Mombasa port	3.03	1.22	40
When our staff visit parent company country our company incurs substantial freight expenses	3.27	1.32	40
We have a number of immigrants and visitors from this country to our parent company country	2.76	1.51	55
We have a number of immigrants and visitors from parent company country in this country	2.74	1.33	49
Average	**2.59**	**1.26**	**49**
Perceived cultural difference			
We have similar national language in this country as our parent company			57

country	2.65	1.51	
We speak similar business language with our parent company country	3.22	1.37	43
This country regularly plays same sports with our parent company country	2.70	1.43	53
We have closer historical and colonial ties in this country with our parent company country	2.68	1.50	56
We use similar alphabetical letters in this country as in our parent company country	2.72	1.51	56
The level of education of our managers in this country is the same as the one found in our parent company country managers	3.03	1.30	43
We have similar religions in this country and in our parent company country	2.96	1.39	47
We have similar form of government in this country as in our parent company country	2.89	1.44	50
We sell same standardized products in this country and our parent country	3.38	1.36	40
We sell different products(adaptations) in this country from the ones sold in our parent country	2.93	1.37	47
Average	**2.92**	**1.42**	**49**
Perceived economic difference			
Our parent company country uses same currencies as the one used in this country	2.12	1.26	60
We have same level of development in this country as our parent company country	2.13	1.19	56
This country and our parent company country belong to the same economic group/membership	1.96	1.23	63
The level of corruption in our parent company country is the same as the one found in this country	1.91	1.20	63
The marketing structure in this country is the same as in our parent company country	2.77	1.30	47
We have strong commercial ties in this country with our parent company country	3.64	1.23	34
We use same technology in this country as the one in our parent company country	3.35	1.09	33
Average	**2.55**	**1.21**	**50**
Overall	**2.72**	**1.31**	**49.9**

Source: Primary data

Table 4.17 demonstrates that the most influential (good) construct of psychic distance influencing organisational performance is perceived geographical differences with a coefficient of variation (CV) of 49%.However, perceived economic difference with a coefficient of variation (CV) of 50% was the least influential (good) construct of psychic distance influencing organisational performance.

From these results, perceived geographical differences, perceived cultural difference and perceived economic difference are good sub constructs of psychic distance in explaining organizational performance. This is explained by overall CV results of 49.9%.

4.7.5 Measures of Non-Financial Performance

Nine items (9) were employed to measures the firm's performance. The participants were called to react to the items measuring organizational performance. Replies were given on a five-point Likert scale where 5= to a very large degree; 4=to a greater degree; 3=to a moderate degree; 2=to a small degree; and 1=not at all. The scores for 'to a very large degree' and 'large degree' were lumped together, the scores for moderate extent were explained individually, the mean scores for 'a small extent' and 'not at all' were also explained separately. The opinions of the respondents regarding these constructs were asked for and ratings given. The results were measured using mean scores and coefficient of variation as presented in Table 4.18. For purposes of this study, the coefficients of variation ratings were determined as 0 to 25% very good, 26 to 50% good, 51 to 75% fair and 76 to 100% poor.

Table 4.18: Summary Scores for Measures of Non-Financial Performance

Non-financial performance	Mean Scores	Std Dev	CV (%)
Our firm has more loyal customers than competitors	3.86	0.96	25
Our firm rarely receive complaints from customers about our products	3.86	0.96	25
Our firm has customers that are happy with our processes, procedures and systems	4.19	0.94	22
Our firm has customers that rarely complain about our processes, procedures and systems	4.04	0.95	23
Our firm regularly generate new improved products and services	4.19	0.94	22
Our firm regularly achieves its objectives and goals	4.24	0.74	17
Our firm regularly generates products and services at reduced costs	3.81	1.03	27
Our company regular objectives and activities reflect priorities of our stakeholders	3.94	1.05	27
Our firm regularly participates in corporate social responsibilities	3.88	1.23	32
Overall	**4.00**	**0.96**	**24**

Source: Primary data

The study results established that “our firm regularly achieves its objectives and goals” is “a very good” measure of organisational performance using non-financial indicators with CV results of 17% and the factor that the “our firm regularly participates in corporate social responsibilities” with a coefficient of variation (CV) of 32%is the least but “good” factor for explaining organisational performance using non-financial indicators.

Overall, non-financial indicators are “very good” measures of organizational performance as explained by an overall coefficient variation of 24% from the outcomes of the primary data. Descriptive statistical for measures of non-financial performance (from secondary data) employed mean scores, standard deviation and coefficient of variation (CV). The outcomes are depicted in Table 4.19.

Table 4.19: Descriptive Results for Measures of Non-Financial Performance

Indicator	**Year**	**Mean Scores**	**Std. Dev**	**CV (%)**
Customer base	2015	2043	20.5	1
	2016	3094	34.56	1
	2017	5032	18.95	0
		3389.7	**24.67**	**1**
Complaints	2015	9	4.76	53
	2016	11	6.1	55
	2017	11	4.97	45
		10.33	**5.28**	**51**
Customer satisfaction index	2015	90.63	6.56	7
	2016	91.5	5.73	6
	2017	87.88	12.48	14
		90.00	**8.26**	**9**
New products and service introduction (%)	2015	2.19	2.51	115
	2016	2.81	2.61	93
	2017	2.94	3.21	109
		2.65	**2.78**	**106**
Reduction in cost of doing business (%)	2015	4.06	4.96	122
	2016	6.88	5.74	83
	2017	7.69	5.64	73
		6.21	**5.45**	**93**
Attainment of the organizational objectives and goals (%)	2015	92.19	4.69	5
	2016	91.69	4.84	5
	2017	91.13	3.76	4
		91.67	**4.43**	**5**
Dividend for the shareholders (%)	2015	5.75	1.95	34
	2016	6.69	1.66	25
	2017	5.31	1.99	37
Average		**5.92**	**1.87**	**32**
Overall		**513.68**	**7.5**	**42.4**

Source: Secondary data

The study results established that customer base with a coefficient of variation (CV) of 1% is “a very good” construct in explaining organisational performance using non-financial indicators. On the other hand, inclusion of new services and products with a coefficient of variation (CV) of 106% is “a poor” factor for explaining organisational performance using non-financial indicators. Overall, from the secondary data perspective, non-financial indicators are “a good” measure of organizational performance as explained by an overall coefficient variation of 42.4%.

4.7.6 Measures of Financial Performance

Further, using secondary data the organizational performance of multinational companies was measured using financial indicators. The research outcomes are portrayed in Table 4.20.

Table 4.20: Descriptive Outcomes for Measures of Financial Performance

				95% Confidence Interval for Mean	
	Year	**Mean Scores**	**Std. Dev**	**Lower Bound**	**Upper Bound**
Sales in KShs million	2015	1228.2	1631.72	691.8395	1764.508
	2016	1298.0	1710.36	735.8421	1860.211
	2017	1215.7	1795.83	616.9309	1814.453
Market share (%)	2015	25.1	20.6179	18.35727	31.91116
	2016	23.5	19.2301	17.16078	29.80237
	2017	21.0	15.0421	16.02796	26.05853
Profit growth (%)	2015	20.1	17.8313	14.27845	26.0005
	2016	16.8	9.43841	13.74241	19.94707
	2017	16.2	10.4007	12.76196	19.6975

Source: Secondary data

For the years 2015, 2016 and 2017, average sales in KShs million was KShs1228.1 million, KShs1298.0 million and KShs1215.7 million respectively, this indicates 2016 had the highest average sales. For the years 2015, 2016 and 2017, the average market share was 25.1%, 23.5% and 21.0% respectively. This suggests that for those firms market share was quite high in 2015. Finally, for Profit growth (%) for the years 2015, 2016 and 2017, the average was 20.1%, 16.8% and 16.2% respectively indicating these organizations had a highest profit growth in 2015.

In general, for the period under the study organizational performance measured using financial indicators, the firms' sales in KShs million averaged 2147, market share average was 23.2% while profits growth had an average of 17.7%.

4.8 Correlation Analysis

To determine if a significant relationship between organisational performance, entry strategies into the market, dynamics of market channel, and perceived distance, preliminary analysis was performed. The strength and direction of the relationship between was explored by use of Pearson's correlation coefficient (r). The values of correlation are in the range of ±1. Where r=0.29 and below denotes a weak association; r=0.3-0.49 signifies a moderate correlation; r=+0.5-0.7 is a strong association; and r= +0.7 and above symbolizes a strong association. According to Smith et al (1999), no linear association exists where r=0. Table 4.21 below demonstrates the outcomes of analysis of correlation

Table 4.21: Correlation Coefficients Matrix

		Financial performance	market entry strategies	market channel dynamics	Psychic distance
Financial performance	Pearson Correlation	1			
	Sig. (2-tailed)				
market entry strategies	Pearson Correlation	.592**	1		
	Sig. (2-tailed)	0.000			
market channel dynamics	Pearson Correlation	.439**	.681**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	
Psychic distance	Pearson Correlation	.504**	.645**	.679**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
		Non-financial performance	**market entry strategies**	**market channel dynamics**	**Psychic distance**
Non-financial performance	Pearson Correlation	1			
	Sig. (2-tailed)				
market entry strategies	Pearson Correlation	.741**	1		
	Sig. (2-tailed)	0.000			
market channel dynamics	Pearson Correlation	.701**	.681**	1	
	Sig. (2-tailed)	0.000	0.000		
Psychic distance	Pearson Correlation	.709**	.645**	.679**	1
	Sig. (2-tailed)	0.000	0.000	0.000	

Source: Primary data

** Correlation is significant at the 0.01 level (2-tailed).

Analysis of correlation was done to measure the association of organisational performance as determined through both monetary and non-monetary components-perceived distance, strategies of market entry, and dynamics of marketing channel. The results of the study uncovered that the relationship between modes of entry into the market and organizational performance measured using both non-monetary and monetary performance aspects is statistically significant, fairly strong, and positive ($R = .741$, $p = .000$) and ($R = .592$, $p = .000$) in that order.

More so, the relationship between market channel dynamics and organisational performance measured using non-monetary and monetary parameters is statistically significant, fairly strong, and positive ($R = .701$, $p = .000$) and($R = .439$, $p = .000$) respectively. Moreover, Psychic distance was also believed to be positive, strongly and statistically significantly in relation to organizational financial performance ($R= .504$, $p=.000$) and non-financial performance ($R = .709$, $p = .000$).

4.9 Hypotheses Testing

This part presents the findings of tests of hypotheses of the study. The research hypotheses detail the relationships between study parameters as conceptualized and shown in the conceptual framework. The inquiry sought to address four objectives with four related hypotheses.

Market entry strategies were gauged as a multiple index of investment, contracting, and export entry strategies. Marketing channel dynamics was evaluated as a complex index of roles, communication, conflict and power/control. Elsewhere, psychic distance was measured as a multiple index of perceived geographical differences, perceived cultural difference and perceived economic difference. While the firm performance, which is the predicted parameter, was broken into non-monetary and monetary measures.

4.9.1 Relationship between Modes of Market Entry and Firm Performance

In the first place, the study purposed to determine the relationship between modes of entry into the market and performance of the firm. Respondents had been asked to indicate using a rating scale in the range of1 (not at all) to 5 (to a very large extent) the extent to which market entry strategies contribute to organizational performance. The overall hypothesis was developed as below:

H_1: A significant relationship between market entry strategies and firm performance exists

However, the performance of the firm was assessed from both monetary and non-monetary perspectives. To determine the relationship using financial measures of performance, the inquiry developed the following hypothesis framed in alternative form:

H_{1a}: *A significant relationship between market entry strategies and firm financial performance exists*

Regression results for entry modes and organisational performance are shown in Table 4.22.

Table 4.22: Regression Outcomes for Market Entry Strategies and Financial Performance Parameters

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.648	.431	.381	.90209

a. Predictors: (Constant), investment mode entry, contracting entry mode, export entry mode

Source: Primary data

The outcomes in Table 4.22 signify a correlation coefficient (R) of .648, coefficient of determination (R^2) = .431. Market entry strategies explained 43.1% of the change in monetary organisational performance. The remaining 56.9% was explained by other factors not included in the regression model.

Table 4.23 portrays the outcomes on the analysis of variance (ANOVA).

Table 4.23: ANOVA for Market Entry Strategies and Financial Performance Parameters

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	11845.812	3	3948.604	15.615	.000
Residual	27563.551	109	252.877		
Total	39409.363	112			

a. Predicted parameter: financial performance
independent variables: (Constant), investment mode entry, contracting entry mode, export entry mode
Source: Primary data

The findings in Table 4.23 reveal that the general study model was significant. In addition, the outcomes denote that the market entry strategies are excellent predictors of financial profitability. The results were backed by an F-value of 15.615 and the stated p=0.000 that was below the standard probability of 0.05 of the critical level of significance (F=15.615, P<0.05).

Regression of coefficient outcomes is exhibited in Table 4.24.

Table 4.24: Coefficients of Market Entry Strategies Using Financial Performance Parameters

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-46.804	10.653		-4.393	.000
Export entry mode	2.820	1.140	.102	2.474	.034
Contracting entry mode	10.056	3.272	.320	3.073	.003
Investment mode entry	5.417	2.668	.216	2.031	.045

a. Predicted Component: Monetary performance

Source: Primary data

The standardized beta coefficient in Table 4.24 demonstrates that the market entry strategies contribute significantly to financial organizational performance. Export entry strategy was found to be significantly and positively connected with monetary performance (β=2.820, t=2.474, $p<0.05$).The relationship between contracting entry strategy and financial performance was shown to be direct and significant (β=10.056, t=3.073, $p<0.05$). Investment mode entry had a significant and direct relation with financial performance (β=5.417, t=2.031, $p<0.05$).

The hypothesis was verified by use of t-statistic. The criterion was that, if p-value is below 0.05, the correlation is significant and if it is above 0.05 then the association is insignificant. From Table 4.24 above, the p-value is 0.000 (less than 0.05) which signifies that the relationship is statistically significant. Therefore, the postulation that the association between strategies of entry into the market and financial organizational performance is significant was backed.

The regression model explaining difference in the firm's financial performance due to market entry strategies is stated as follows:

$FP_1 = \beta_{01} + \beta_{11}X_1 + \beta_{12}X_2 + \beta_{13}X_3 + \epsilon$

Where:

FP_1 = Financial Performance

X_1 = Export entry mode

X_2 = Contracting entry mode

X_3 = Investment mode entry

$FP_1 = -46.804 + 2.820X_1 + 10.056X_2 + 5.417X_3$

The regression equation above shows that a unit change in export entry strategy causes an increase of 2.820 units in monetary performance, a variation in contracting entry strategy by one unit causes an increase of 10.056 units in financial performance while a unit change in investment mode entry causes an increase of 5.417 units in financial performance. These results indicate that strategies of entry into the market affect financial organizational performance.

To unearth the relationship between strategies of market entry and organisational performance using non-financial parameters, the study developed the following hypothesis framed in alternate form:

H_{1b}: *A significant relationship between market entry strategies and firm non-financial performance exists.*

Results in Table 4.25 indicate regression results for Market entry strategies and organizational performance measured using nonfinancial parameters.

Table 4.25: Regression Results for Market Entry Strategies and Non-Financial Performance Parameters

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.725	.525	.512	.46556

b. Predictors: (Constant), investment entry strategy, contracting entry strategy, export entry strategy

Source: Primary data

Results in Table 4.25 show a correlation coefficient (R) of .725, coefficient of determination (R^2) = .525. Market entry strategies explained 52.5% of the variance in organizational performance measured using non-financial parameters. The remaining 47.5% was accounted for by other factors outside the model.

Table 4.26 further offers the outcome on ANOVA.

Table 4.26: ANOVA for Market Entry Strategies and Non-Financial Performance Parameters

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	26.130	3	8.710	40.186	.000
1	Residual	23.625	109	.217		
	Total	49.755	112			

a. Predicted Parameter: non-financial performance

b. Predictor Component: (Constant), investment mode entry, contracting entry mode, export entry mode

Source: Primary data

Findings in Table 4.26 demonstrate the significance of the general study model. Also, the findings denote that market entry strategies are excellent forecasters of organizational performance measured using non-financial parameters. The results were backed by an F-value of 40.186 and the stated p=0.000 that was below the standard probability of 0.05 of the critical level of significance ($F=40.186$, $P<0.05$)

The regression coefficient results are illustrated in Table 4.27.

Table 4.27: Coefficients of Market Entry Strategies Using Non-Financial Performance Parameters

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.697	.312		2.235	.027
Export entry mode	.231	.092	.236	2.516	.013
Contracting entry mode	.384	.096	.343	4.003	.000
Investment mode entry	.241	.078	.271	3.088	.003

a. Predicted Parameter: nonfinancial performance

Source: Primary data

The standardized beta coefficient in Table 4.27 shows that the entry strategies contributes significantly to organizational performance measured using non-financial performance parameters. Export market entry was shown to be direct and significantly associated with nonfinancial measures of performance ($\beta=.231$, $t=2.516$, $p<0.05$). Contracting entry was also found to be positive and significantly linked to financial performance ($\beta=.384$, $t=4.003$, $p<0.05$). Investment market entry had a significant and direct association with monetary performance ($\beta=.241$, $t=3.088$, $p<0.05$). The value of P was used to test the hypothesis. The criterion used to accept or rebuff the hypothesis was that accept the hypothesis only when the p-value is below 0.05. The relationship was thus significant and therefore the hypothesis is supported.

The regression model explaining variation in organizational performance using non-financial parameters as a result of market entry strategies is stated as follows:

$NFP_1 = \beta_0 + \beta_{11}X_1 + + \beta_{12}X_2 + \beta_{13}X_3 + \epsilon$

Where:

NFP_1 = Organizational performance using Non-Financial Parameters

X_1 = Export entry strategy

X_2 = Contracting entry strategy

X_3 = Investment market entry

$NFP_1 = .697 + .231X_1 + .384X_2 + .241X_3$

The regression equation shows that a unit change in export entry mode causes an increase of .231 units in organizational performance using non-financial parameters, a unit change in contracting entry mode causes an increase of .384 units in organizational performance using non-financial parameters while a unit change in investment mode entry causes an increase of .241 units in organizational performance using non-financial parameters. The results indicate that market entry strategy affect organizational performance as measured through non-monetary indicators.

The study results are in support of the alternative hypothesis (**H_1**) that a significant association between market entry strategies and organisational performance exists.

4.9.2 Moderating Effect of Marketing Channel Dynamics and Organisational Performance

The second aim was set to determine the link between modes of entry into the market and organisational performance is significantly moderated by market channels dynamics. The moderating effect is tested in terms of how the impact of predicted parameter on predicted component changes when a moderator is introduced. To determine the moderating impact, the researcher developed and tested the following alternative hypothesis:

H_2: *The relationship between approaches of market entry and organizational performance is significantly moderated by dynamics of market channel*

However, moderating effect of marketing channels dynamics was verified using both monetary and non-monetary parameters. To establish the moderating effect of marketing channel dynamics using financial performance parameters, the following hypothesis was formulated in alternative terms:

H_{2a}: *The relationship between strategies of market entry and organizational monetary performance is significantly moderated by marketing channel dynamics.*

The moderating effect was confirmed by use of stepwise regression analysis proposed by Baron and Kenny (1986). An initial stage entailed testing the influence of market entry strategies on organizational performance. The second step tested the effect of predictor variables (Market entry strategies and Market channel dynamics) on criterion variable (organizational performance). In the third step, an interaction term (computed as the result obtained after multiplication of Market entry strategies and Market channel dynamics) was incorporated and verified for its effect on organizational performance (financial parameters). When the impact of the relation on organizational performance as determined in the third step is significant, then the moderation impact is established.

Regression outcomes are presented in Table 4.28.

Table 4.28: Regression Outcomes for the Moderating Effect of Market Channel Dynamics and Monetary Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1 Market entry strategies	.692	.450	.445	15.18698
2 Market entry strategies Market channel dynamics	.695	.483	.461	15.22772
3 Market entry strategies Market channel dynamics, and MES*MCD	.716	.521	.493	14.97360

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1 Market entry strategies	Regression	13807.836	1	13807.836	59.866	.000
	Residual	25601.526	111	230.644		
	Total	39409.363	112			
2 Market entry strategies Market channel dynamics	Regression	13902.188	2	6951.094	29.977	.000
	Residual	25507.175	110	231.883		
	Total	39409.363	112			
3 Market entry strategies Market channel dynamics, and MES*MCD	Regression	14970.616	3	4990.205	22.257	.000
	Residual	24438.747	109	224.209		
	Total	39409.363	112			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-44.081	8.951		-4.924	.000
Market entry strategies	17.839	2.306	.592	7.737	.000
2 (Constant)	-47.122	10.163		-4.637	.000
Market entry strategies	16.467	3.158	.546	5.214	.000
Market channel dynamics	2.228	1.092	.067	2.040	.025
3 (Constant)	-74.667	56.679		-1.317	.190
Market entry strategies	15.346	4.900	.509	3.131	.005
Market channel dynamics	30.993	15.601	.930	1.987	.049
MES*MCD	8.536	3.910	1.889	2.183	.031

Model 1 Predictors (Constant) Market entry modes
Model 2 Predictors: (Constant) Market entry strategiesand Market channel dynamics
Model 3 Predictors: (Constant) Market entry strategies and Market channel dynamicsand Interaction term.
Dependent Variable: Organizational Performance (using financial performance parameters)

Source: Primary data

Key: MES=Market entry strategies, MCD=Marketing channel dynamics

In step one; organizational performance (measured using financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 45.0 percentage change in financial performance (R^2=.450, P<0.05). The general model was very significant (F= 59.866, β_1= 17.839, P< 0.05). The beta coefficient means that a change in market entry strategies by one unit is associated with17.839 variation in financial performance. The outcomes in step one were all statistically significant.

The moderator (marketing channel dynamics) was added in step two. The incorporation of the moderator greatly improves the impact of modes of entry into the market on performance measured using financial parameters from 45.0 percent to 48.3 percent. Market entry strategies and marketing channel dynamics together explain 48.3 percent of the change in organisational performance. The general model was significant (F= 29.977, P<0.05). Similarly, the beta coefficients for market entry strategies and marketing channel dynamics (β_1=16.467; β_2=2.228) respectively were statistically significant.

An interaction term was incorporated in the linear regression model in the third stage. All the three parameters, namely an interaction term (marketing channel subtleties*market entry modes), marketing channel subtleties and market entry modes were introduced in the model. The study outcomes indicated that R^2 improved from 48.3 percent in step two to 52.1 percent in the third step. The general model in the third step yielded results that indicate the statistical significance of the interaction (F=22.257, P<0.05). The beta coefficients for the interaction term, marketing channel dynamics, and market entry strategies were statistically significant (β_3=8.536; β_2=30.993;β_1=15.346).

The result implies that marketing channel dynamics moderate the association between modes of market entry and organizational performance (measured using financial parameters). This means that changes in marketing channel dynamics (communication, role, conflict and control/power) strengthens the correlation of modes of entry into the market with organisational performance. Figure 4.2 contains the path diagram illustrating the moderating effect of marketing channel dynamics.

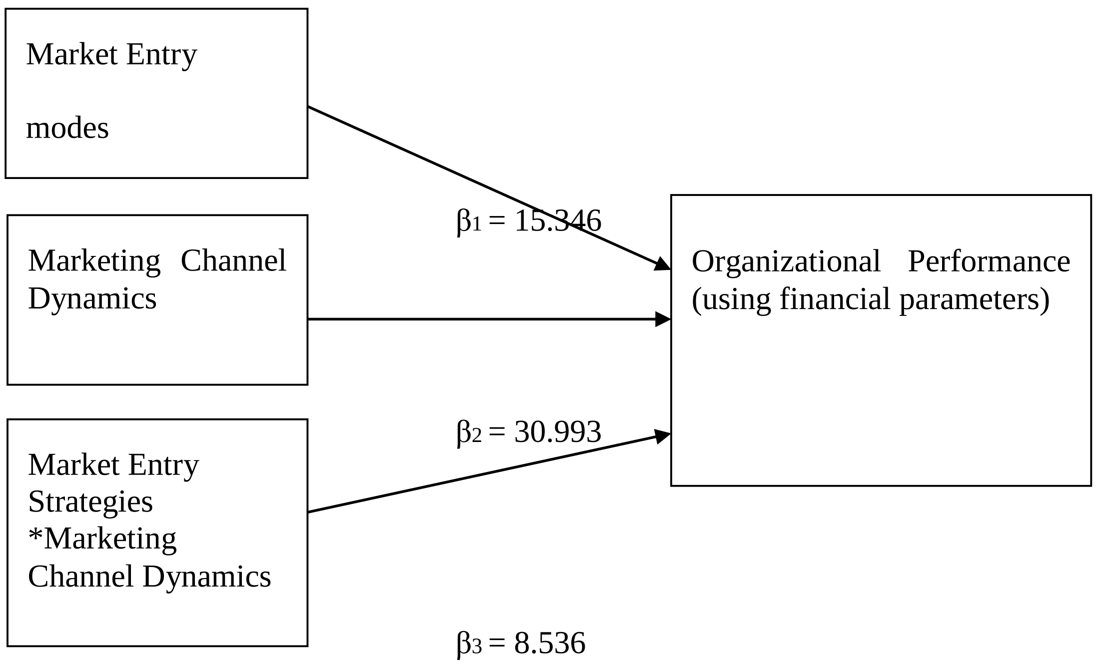


Figure 4.2: Path Diagram for the Moderation Effect of Market Channel Dynamics

Source: Primary data

The substituted regression equation for estimating the moderating effect of marketing channel dynamics on the association of entry strategies with organizational performance measured using financial parameters is as follows:

$FP_2 = \beta_0 + \beta_{16}MES + \beta_{17}MCD + \beta_{18}MES*MCD + \epsilon$

Where:

FP_2 =Organizational Performance (using financial performance parameters)

MES= Market entry strategies

MCD= Marketing channel dynamics (Moderator)

MES*MCD = Interaction Term

$FP_2 = -74.667 + 15.346MES + 30.993MCD + 8.536MES*MCD$

The regression equation suggests that a unit change in market entry strategies causes an increase of 15.346 in organizational performance of measured using financial parameters. A unit change in marketing channel dynamics causes an increase of 30.993 in the organizational performance. Further, a unit change in the interaction of market entry strategies and marketing channel dynamics causes an increase of 8.536 in organizational performance.

The results therefore offered evidence to back up the hypothesis that marketing channel dynamics moderate the association between modes of entry and financial performance.

To determine the moderating effect of market channel dynamics using non-financial performance parameters, the study developed the following hypothesis:

H_{2b}: *The relationship between strategies of entry into the market with non-financial organizational performance is significantly moderated by dynamics of market channel*

A stepwise regression analysis put forth by Baron and Kenny (1986) was employed to measure the moderating effect of this relation. The first step entailed testing the effect of modes of entry into the market and corporate performance using non-financial performance parameters. The second step tested the effect of predictor variables (Market entry strategies and Market channel dynamics) on criterion variable (organisational performance). In the third step, an interaction term (computed as the quantity of multiplication of Market entry strategies with Market channel dynamics) was included and confirmed for its effect on organisation performance (measured using non-financial performance parameters). Moderation is determined if the influence of the relation on corporate performance in the third step is statistically significant. The relevant regression outcomes are shown in Table 4.29.

Table 4.29: Regression Outcomes for Moderating Influence of Market Channel Dynamics and Non-Financial Performance

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Market entry strategies	.741	.549	.545	.44976
2	Market entry strategies Market channel dynamics	.788	.621	.614	.41431
3	Market entry strategies Market channel dynamics, and MES*MCD	.789	.623	.615	.41467

ANOVA

Model			Sum of Squares	df	Mean Square	F	Sig.
1	Market entry strategies	Regression	27.301	1	27.301	134.961	.000
		Residual	22.454	111	.202		
		Total	49.755	112			
2	Market entry strategies	Regression	30.873	2	15.437	89.930	.000
	Market channel dynamics	Residual	18.882	110	.172		
		Total	49.755	112			
3	Market entry strategies	Regression	31.013	3	10.338	60.119	.000
	Market channel dynamics,	Residual	18.743	109	.172		
	and MES*MCD	Total	49.755	112			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	.265		3.664	.000
	Market entry strategies	.793	.068	.741	11.617	.000
2	(Constant)	.379	.277		1.372	.173
	Market entry strategies	.526	.086	.491	6.123	.000
	Market channel dynamics	.433	.095	.366	4.562	.000
3	(Constant)	-1.010	1.570		-.644	.521
	Market entry strategies	.889	.413	.830	2.155	.033
	Market channel dynamics	.813	.402	.686	2.022	.043
	MES*MCD	.097	.038	.607	2.553	.026

Model 1 Predicted variable (Constant) Market entry strategies
Model 2 Predicted variable: (Constant) Market entry strategies and Market channel dynamics
Model 3 Predictors: (Constant) Market entry strategies and Market channel dynamics and Interaction term.
Dependent Variable: Organizational Performance (using non-financial performance parameters)

Key: MES=Market entry strategies, MCD=Marketing channel dynamics

In step one; organizational performance (measured using non-financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 54.9 percentage change in nonmonetary performance (R^2=.549, P<0.05). The general model was significant (F= 134.961, β_1= .793, P< 0.05). The beta coefficient implies that a variation in market entry strategies by one unit causes non-financial performance to change by .793 units. The outcomes in step one was all significant.

The moderator, marketing channel dynamics was added in step two. The inclusion of the moderator (marketing channel dynamics) greatly improves the effect of strategies of entry into the market on corporate performance measured using non-financial parameters from 54.9 percent to 62.1 percent. Market entry strategies and marketing channel dynamics together explain 62.1% of the variation in non-financial profitability. The general model was significant (F= 89.930, P<0.05). Similarly, the beta coefficients for market entry strategies and marketing channel dynamics (β_1=.526; β_2=.433) respectively were statistically significant.

The interaction term was incorporated in the linear regression model in the third stage. The three parameters altogether, namely an interaction term (marketing channel subtleties*market entry modes), marketing channel subtleties and market entry modes were introduced in the model. The study outcomes indicated that R^2 increased from 62.1percent in the second step to 62.3percent in the third step. The general model in the third step yielded results that indicate the statistical significance of the interaction (F=60.119, P<0.05). The beta coefficients for the interaction term, marketing channel dynamics, and market entry strategies were statistically significant (β_3=.097;

β_2=.813;β_1=.889). The results therefore offered a proof to back the hypothesis that marketing channel dynamics moderate the association between non-monetary performance and market entry strategies.

The result implies that dynamics of market channel moderate the relationship between strategies of market entry and organizational performance (measured using non-financial parameters). This means that changes in marketing channel dynamics strengthens the correlation of entry strategies with non-financial performance. Figure 4.3 contains the path diagram demonstrating the moderating effect of marketing channel dynamics on the relationship between entry approaches and non-financial performance.

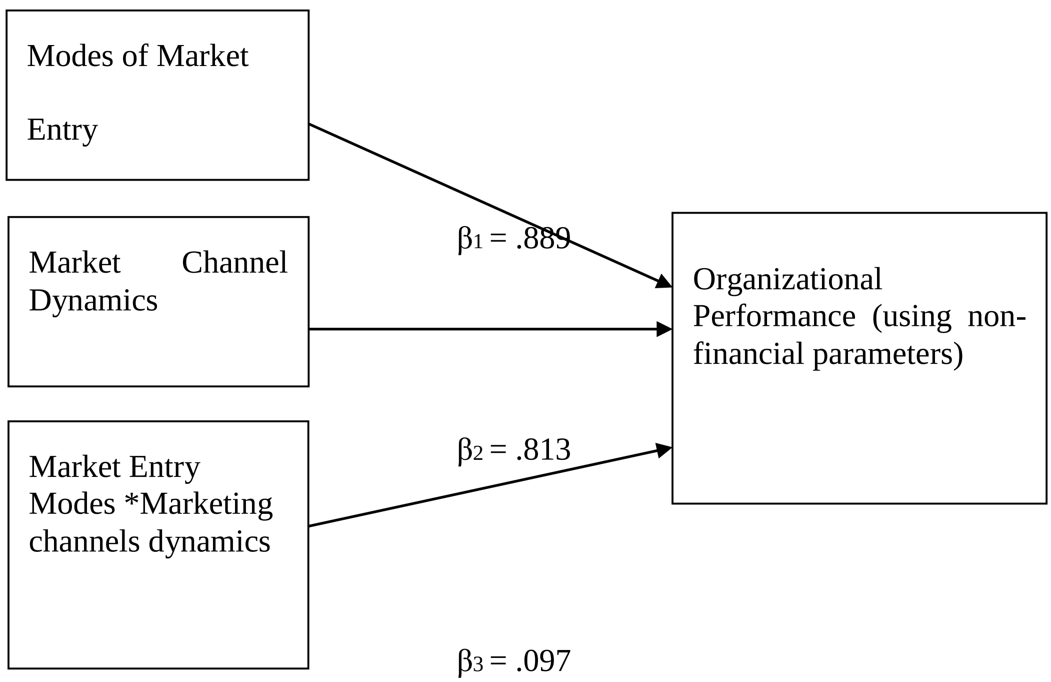


Figure 4.3: Moderation Path Diagram for the Moderating Effect of Market Channel Dynamics and Non-Financial Performance

Source: Primary data

The substituted regression equation for estimating the moderating effect of marketing channel dynamics on the correlation of market entry strategies with organizational performance measured using non-financial parameters is as follows:

$NFP_2 = \beta_0 + \beta_{16}MES + \beta_{17}MCD + \beta_{18}MES*MCD + \epsilon$

Where:

NFP_2 =Organizational Performance (using non-financial performance parameters)

MES= Market entry strategies

MCD= Marketing channel dynamics (Moderator)

MES*MCD = Interaction Term

NFP_2 = -1.010+.889MES+.813MCD+ .097MES*MCD

The regression equation suggests that a unit change in market entry strategies causes an increase of .889 in organizational performance measured using non-financial parameters. A unit change in marketing channel dynamics causes an increase of.813 in nonmonetary performance. Further, a variation in the interaction of entry strategies and marketing channel dynamics by one unit causes an increase of.097 in non-financial performance.

The study results conclude and support the hypothesis (**H_2**) that market channel dynamics moderate the relationship between strategies of entry into the market and organisational performance.

4.9.3 Moderating Effect of Psychic Distance and Organizational Performance

The third aim was set to ascertain whether the relationship between strategies of entry into the market and organizational performance is significantly moderated by perceived geographical distance. The moderating effect is tested in terms of how the influence of predictors on predicted component changes on the introduction of the moderator. The overall hypothesis for this objective was:

H_3: *A significant Moderating Effect of Psychic distance on the association between strategies of market entry and organizational performance exists*

Monetary and nonmonetary performance indicators altogether were employed to test the moderating effect of perceived distance. To establish the moderating effect of psychic distance using monetary performance parameters, the researcher developed the below hypothesis:

H_{3a}: *A significant Moderating Effect of Perceived Psychic distance on the correlation of Strategies of Market Entry with financial organisational performance exists*

The first step involved testing the effect of strategies of entry into the market on corporate performance. The second step tested the effect of predictor variables (psychic distance and modes of entry into the market) on criterion variable (organizational performance). In the third step, an interaction term (computed as the product of standardized values for psychic distance and market entry strategies) was incorporated and verified for it effect on organizational performance (financial parameters). Should the effect of relation on firm performance in step 3 be statistically significant, then the moderation effect is established. Table 4.30 below tabularised the regression outcomes.

Table 4.30: Regression Outcomes for Moderating Effect of Psychic Distance and Monetary Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1 Market entry strategies	.692	.450	.445	15.18698
2 Market entry strategiesPsychic distance	.694	.481	.459	15.22772
3 Market entry strategiesPsychic distance, and MES*MCD	.707	.503	.487	14.81076

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1 Market entry strategies	Regression	13807.836	1	13807.836	59.866	.000
	Residual	25601.526	111	230.644		
	Total	39409.363	112			
2 Market entry strategies Psychic distance	Regression	14814.632	2	7407.316	33.129	.000
	Residual	24594.731	110	223.588		
	Total	39409.363	112			
3 Market entry strategies Psychic distance,and MES*PD	Regression	15499.272	3	5166.424	23.552	.000
	Residual	23910.091	109	219.359		
	Total	39409.363	112			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-44.081	8.951		-4.924	.000
Market entry strategies	17.839	2.306	.592	7.737	.000
(Constant)	-47.904	8.996		-5.325	.000
Market entry strategies	13.774	2.970	.457	4.637	.000
2 Psychic distance	5.395	2.543	.209	2.122	.036
3 (Constant)	31.903	46.044		.693	.490
Market entry strategies	6.663	1.936	.221	3.442	.026
Psychic distance	17.520	5.213	.679	2.820	.031
MES*PD	5.751	2.255	1.429	2.550	.043

Model 1 Independent parameter (Constant) Market entry modes

Model 2 Independent parameter: (Constant) Market entry strategies and Psychic distance

Model 3 Predictors: (Constant) Psychic distance and entry modes and Interaction term.

Dependent Variable: Organizational Performance (using financial performance parameters)

Source: Primary data

Key: MES=Market entry strategies, PD=Psychic distance

In step one; organizational performance (measured using financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 45.0 percentage change in financial performance (R^2=.450, P<0.05). The general model was significant (F= 59.866, β_1= 17.839, P< 0.05). The beta coefficient denotes that a variation in market entry strategies by one unit is associated with17.839 variation in financial performance. The outcomes in step one were all statistically significant.

The moderator, psychic distance was added in step two. The incorporation of psychic distance (the moderator) greatly improves the effect of strategies of entry on corporate performance measured using financial parameters from 45.0 percent to 48.1 percent. Market entry strategies and psychic distance together explain 48.1percent of change in corporate performance. The general model was very significant (F= 33.129, P<0.05). Similarly, the beta coefficients for market entry strategies and psychic distance (β_1=13.774; β_2=5.395) respectively were statistically significant.

An interaction term was incorporated in the study model in the third step. The three parameters, interaction term (perceived distance*market entry approaches), psychic distance, and modes of market entry were introduced into the model. The study outcomes revealed an improvement in R^2 from 48.1percent in second step to 50.3percent in step three. The general model in the third stage yielded results that indicate the relation was significant (F=23.552, P<0.05). The beta coefficients for psychic distance and approaches of entry and the interaction term were statistically significant (β_2=17.520; β_1=6.663; β_3=5.751).

The result implies that psychic distance moderate the association between entry strategies and organizational performance (measured using financial parameters). This means that changes in psychic distance strengthens the connection between modes of market entry and organizational performance. Figure 4.4 contains the path diagram illustrating the moderating effect of psychic distance.

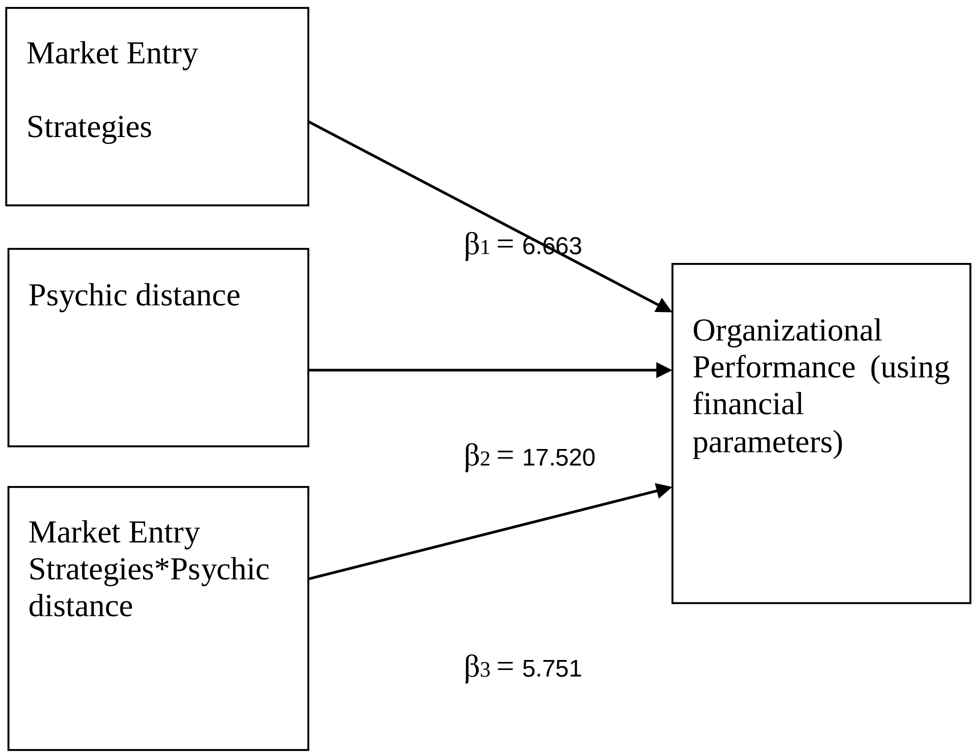


Figure 4.4: Moderation Path Diagram for the Effect of Psychic Distance and Financial Performance

Source: Primary data

The substituted regression equation for estimating the moderating effect of perceived psychic distance on the association between strategies of market entry and organizational performance measured using financial parameters is as follows:

$FP_3 = \beta_0 + \beta_{21}MES + \beta_{22}PD + \beta_{23}MES*PD + \epsilon$

Where:

FP_3 =Organizational Performance (using financial performance parameters)

MES= Market entry strategies

PD= Psychic distance (Moderator)

MES*PD = Interaction Term

$FP_3 = 31.903 + 6.663MES + 17.520PD + 5.751MES*PD$

The regression equation suggests that a unit change in market entry strategies causes an increase of 6.663 in organizational performance measured using financial parameters. A unit change in psychic distance causes an increase of 17.520 in the organizational performance. Further, a unit change in the interaction of market entry strategies and psychic distance causes an increase of 5.751 in organizational performance.

The results therefore offered a proof to back up the hypothesis that the relationship between strategies of entry into the market and firm performance is moderated by perceived psychic distance.

To establish the moderating of effect psychic distance using non-financial performance parameters, the researcher developed the following hypothesis:

H_{3b}: *A significant effect of Psychic Distance on the Association between Strategies of Market entry and nonfinancial corporate performance exists*

The study established the moderating effect of *psychic distance* using non-financial performance parameters. A stepwise regression analysis recommended by Baron and Kenny (1986) was used to assess the moderating effect. The first step entailed verified the effect of market entry strategies on corporate performance using non-financial performance parameters. The second step tested the effect of predictor variables (*Psychic Distance and* strategies of market entry) on criterion variable (organizational performance). In the third step, an interaction term (computed as the product of standardized values for *Psychic Distance and strategies of entry into the market*) was included and verified for it effect on organisational performance (measured using non-financial performance parameters). If the effect of correlation on firm performance as shown in step 3 is significant, then moderation effect is established. Relevant regression outcomes are shown in Table 4.31.

Table 4.31: Regression Outcomes for Moderating Effect of Psychic Distance and Non-Monetary Performance

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Market entry strategies	.741	.549	.545	.44976
2	Market entry strategiesPsychic distance	.800	.640	.634	.40346
3	Market entry strategiesPsychic Distance, and MES*PD	.809	.654	.644	.39753

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Market entry strategies	Regression	27.301	1	27.301	134.961	.000
		Residual	22.454	111	.202		
		Total	49.755	112			
2	Market entry strategiesPsychic Distance	Regression	31.849	2	15.924	97.826	.000
		Residual	17.906	110	.163		
		Total	49.755	112			
3	Market entry strategiesPsychic distance, and MES*PD	Regression	32.530	3	10.843	68.614	.000
		Residual	17.226	109	.158		
		Total	49.755	112			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	.265		3.664	.000
	Market entry strategies	.793	.068	.741	11.617	.000
	(Constant)	.714	.243		2.943	.004
	Market entry strategies	.520	.080	.486	6.488	.000
2	Psychic Distance	.363	.069	.396	5.286	.000
3	(Constant)	-1.802	1.236		-1.458	.148
	Market entry strategies	1.164	.320	1.087	3.634	.000
	Psychic distance	1.085	.355	1.184	3.060	.003
	MES*PD	.181	.087	1.268	2.075	.040

Model 1 Independent variable (Constant) Market entry strategies
Model 2 Independent parameter: (Constant) Market entry strategies and Psychic distance
Model 3 Predictors: (Constant) Psychic distance andMarket entry modes and Interaction term.
Dependent Variable: Organizational Performance (using non-financial performance parameters)

Source: Primary data

Key: MES=Market entry strategies, PD= Psychic distance

The regression outcomes in Table 4.31 are explained in this section. In step one; organizational performance (measured using non-financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 54.9 percentage change in non-monetary performance (R^2=.549, $P<0.05$). The general model was significant (F= 134.961, β_1= .793, $P< 0.05$). The beta coefficient means that a change in market entry strategiesby one unit is associated with .793 changes in non-financial performance. The results in the first step were all statistically significant.

The moderator (psychic distance) was added in step two. The incorporation of the moderator, psychic distance, greatly improves the effect of strategies of market entry on corporate performance measured using non-financial parameters from 54.9 percent to 64.0 percent. Market entry strategies and psychic distance together explain 64.0% of the variance in non-monetary performance. The entire model was significant (F= 97.826, $P<0.05$). Similarly, the beta coefficients for market entry strategies and psychic distance (β_1=.520; β_2=.363) respectively were statistically significant.

An interaction term was incorporated in the study model in the third step. The three parameters, interaction term (psychic distance* entry approaches), psychic distance, and modes of market entry were introduced into the model. The study outcomes revealed an improvement in R^2 from 64.0 percent in second step to 65.4 percent in step three. The general model in the third stage yielded results that indicate that the relation was significant (F=68.614, $P<0.05$). The beta coefficients for perceived distance and modes of entry and the interaction term were statistically significant (β_1=1.164; β_2=1.085; β_3=.181).

The result implies that psychic distance moderate the connection between modes of market entry and firm performance (measured using non-financial parameters). This means that changes in psychic distance strengthens the relationship between strategies of entry into the market and non-financial performance. Figure 4.5 contains the path diagram demonstrating the moderating effect of perceived psychic distance on the relationship between strategies of market entry and non-financial performance.

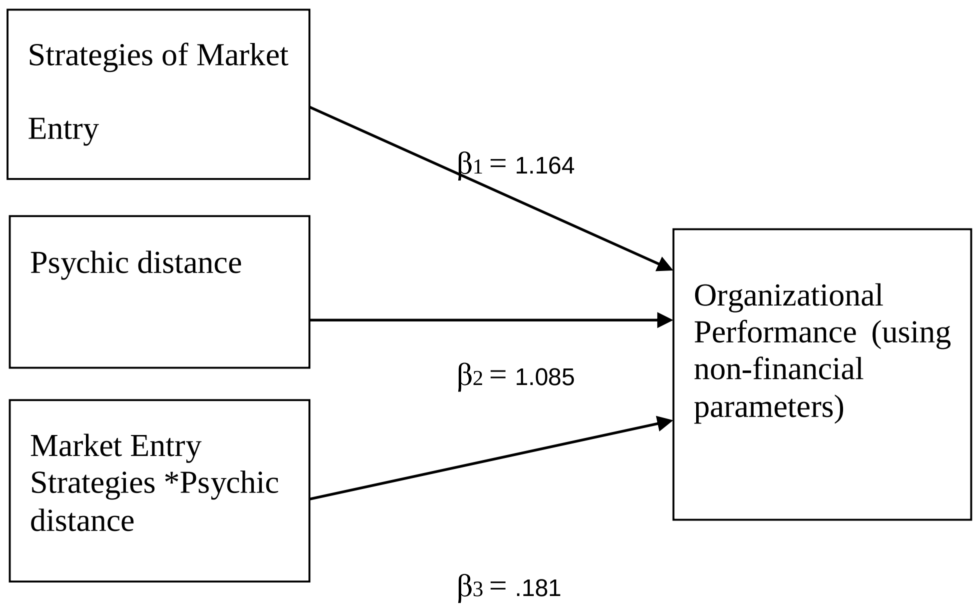


Figure 4.5: Moderation Path Diagram for the Effect of Psychic Distance and Non-Financial Performance

Source: Primary data

The substituted regression equation for estimating the moderating effect of perceived geographical distance on the correlation of strategies of entry into the market with organizational performance measured using non-financial parameters is as follows:

$NFP_3 = \beta_0 + \beta_{21}MES + \beta_{22}PD + \beta_{23}MES*PD + \epsilon$

Where:

NFP_3 =Organizational Performance (using non-financial performance parameters)

MES= Market entry strategies

PD= Psychic distance (Moderator)

MES*PD = Interaction Term

$NFP_3 = -1.802+1.164MES+1.085PD+ .181MES*PD$

The regression equation suggests that a unit change in market entry strategies causes an increase of 1.164 in organizational performance measured using non-financial parameters. A unit change in psychic distance causes an increase of 1.085 in non-monetary performance. Further, a variation in the interaction of entry strategies and psychic distance by one unit causes an increase of .181 in non-financial performance. The results therefore offered proof in favour of the hypothesis that the relationship between strategies of entry into the market and non-financial performance is moderated by perceived psychic distance.

Though, it essential to note that psychic distance strengthens the effect of strategies of entry into the market on performance more when organisational performance is measured using financial indicators (5.751) than when measured using non-financial indicators (.181).

Overall, the study results support the hypothesis (**H_3)** that the association between strategies of entry into the market and organizational performance is moderated by perceived geographical distance.

4.9.4 The Combined Effect of Psychic Distance, Strategies of Market Entry and Dynamics of Marketing Channel on Corporate Performance

Lastly, the study purposed to establish the joint effect of psychic distance, strategies of entry into the market and dynamics of marketing channel on corporate performance. The participants were requested to state using a rating scale in the range of 1 (not at all) to 5 (to a very large degree) the extent to which psychic distance, modes of entry into the market and dynamics of marketing channel contribute to corporate performance. The overall hypothesis for this objective was:

H_4: *A significant joint effect of psychic distance, strategies of entry into the market and dynamics of marketing channel on Corporate Performance exists.*

Notably, both monetary and non-monetary parameters were utilized as key performance measures. To determine the association using monetary indicators of performance, the researcher developed the following hypothesis:

H_{4a}: *A significant joint effect of psychic distance, strategies of entry into the market and dynamics of marketing channel on corporate financial Performance exists.*

Results in Table 4.32 contain regression results for the joint effect of psychic distance, modes of entry into the market and dynamics of marketing channel on a firm's monetary performance

Table 4.32: Regression Outcomes for the Joint Effect of Psychic Distances, Strategies of Market Entry and Dynamics of Marketing Channel on Monetary Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754	.576	.459	.61570

a. Predictors: (Constant), psychic distance, market entry strategies, market channel dynamics

Source: Primary data

Outcomes in Table 4.32 demonstrate a coefficient of determination (R^2) = .576 and a correlation coefficient (R) of .754. Market entry strategies, marketing channel dynamics and psychic distance explained 57.6% of change in financial performance. Other factors outside the model explained the remaining 42.4%.

Table 4.33 further presents the outcomes on Variance Analysis (ANOVA)

Table 4.33: ANOVA for the Joint Effect of Psychic Distances, Modes of Market Entry and Dynamics of Marketing Channel on Monetary Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14832.988	3	4944.329	51.929	.000
	Residual	24576.375	109	225.471		
	Total	39409.363	112			

a. Dependent Variable: financial performance

b. Predictors: (Constant), Psychic distance, market entry strategies, market channel dynamics

Source: Primary data

The findings presented in table 4.33 above illustrate that the general study model was significant. Also, the findings uncover that the combined effect of perceived distance, modes of market entry, and marketing channel subtleties are excellent forecasters of financial performance. These findings were backed by the reported p=0.00 that was below the normal probability of 0.05 level of significance and F statistics of 51.929(F=51.929, P<0.05). Table 4.34 demonstrates the regression outcomes

Table 4.34: Coefficients for the Joint Effect of Psychic Distances, Strategies of Market Entry and Dynamics of Marketing Channel on Monetary Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.level
		B	Std. Error	Beta		
1	(Constant)	-46.664	10.024		-4.655	.000
	Market entry strategies	14.184	3.311	.471	4.284	.000
	Market channel dynamics	1.087	.511	.033	2.127	.038
	Psychic distance	5.741	2.825	.223	2.032	.045
a. Predicted Parameter: Monetary performance						

Source: Primary data

The standardized beta coefficient in Table 4.34 illustrates that the combined effect of psychic distance, strategies of entry into the market and dynamics of marketing channel contributes significantly to organizational performance measured using financial performance parameters. Market entry strategies was found to be significant and positively associated with monetary performance (β=14.184, t=4.284, p<0.05). Market channel dynamics was also found to be significant and directly linked to financial performance (β=1.087, t=2.127, p<0.05). Psychic distance had a significant and direct relation with financial performance (β=5.741, t=2.032, p<0.05).

The overall model explaining variation in financial performance owing to the joint effect of market entry strategies, market channel dynamics and psychic distance is stated as follows:

$FP_4 = \beta_0 + \beta_{24}MES_1 + + \beta_{25}MCD_2 + \beta_{26}PD_3 + \epsilon$

Where:

FP_4 = Financial Performance

MES_1 = Market entry strategies

MCD_2 = Market channel dynamics

PD_3 = Psychic distance

$FP_4 = -46.664 + 14.184MES_1 + 1.087MCD_2 + 5.741PD_3$

The regression equation shows that a unit change in market entry strategies causes an increase of 14.184 units in monetary performance; a variation in market channel dynamics by one unit causes an increase of 1.087 units in monetary performance whereas a change in psychic distance by one unit causes an increase of 5.741 units in financial performance. This implies that market entry strategies, market channel dynamics and perceived psychic distance have a significant joint effect on monetary performance of an organization.

The relationship was thus significant and hence supporting the hypothesis that a significant joint effect of psychic distance, modes of entry into the market, and dynamics of marketing channel on organizational performance which is measured using financial performance indicators exists.

To determine the joint effect of modes of entry into the market, marketing channel dynamics and psychic distance on non-financial organizational performance, the below hypothesis was developed;

H_{4b}: A significant joint effect of Psychic Distances, Strategies of Market Entry and Dynamics of Marketing Channel on nonfinancial Performance exists

Outcomes in Table 4.35 show the model results for the joint effect of psychic distance, strategies of entry, and market channel dynamics on organizational performance measured using non-monetary parameters.

Table 4.35: Model Outcomes for Joint Effect of Psychic Distances, Strategies of Market Entry and Dynamics of Marketing Channel on Non-Monetary Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815	.664	.654	.39186
a. Predictors: (Constant), Psychic distance, market entry strategies, market channel dynamics				

Source: Primary data

Results in Table 4.35 signify a correlation coefficient (R) of .815, coefficient of determination (R^2) = .664. The combined effect of psychic distance, strategies of market entry and dynamics of market channel explained 66.4% of change in organizational performance measured using non-financial performance. The remaining 33.6% of change in organisational performance was explained by other factors outside the model

Table 4.36 provides further results on the ANOVA.

Table 4.36: ANOVA for the Joint Effect of Psychic Distances, Strategies of Market Entry and Dynamics of Marketing Channel on Non-Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	33.018	3	11.006	71.674	.000
1	Residual	16.737	109	.154		
	Total	49.755	112			

a. Predicted Component: Non-monetary performance

b. Predictors: (Constant), Psychic distance, market entry strategies, market channel dynamics

Source: Primary data

The findings in Table 4.36 above demonstrate the statistical significance of the overall study model. Additionally, the outcomes denote that the shared effect of psychic distance, modes of entry and dynamics of market channel are ideal predictors of firm performance as measured through non-monetary perspectives. These deductions are backed by an F statistics of 71.674 and the stated p=0.000 that is below the normal significance level of 0.05 (F=51.929, P<0.05).

The standardized beta coefficient in Table 4.37 reveals that the collective effect of psychic distance, strategies of entry into the market, and market channel dynamics contributes significantly to organizational performance measured using non-financial performance parameters.

Table 4.37: Coefficients for the Joint Effect of Psychic Distances, Modes of Market Entry and Dynamics of Marketing Channel on Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.401	.262		1.535	.128
	Market entry strategies	.417	.086	.389	4.822	.000
	Market channel dynamics	.274	.099	.232	2.759	.007
	Psychic distance	.276	.074	.301	3.737	.000

a. Predicted Component: Non –monetary performance

Source: Primary data

Market entry strategies was shown be significant and positively associated with non-financial performance parameters (β=.417, t=4.822, $p<0.05$). Market channel dynamics was also shown to be significant and directly linked to non-monetary performance parameters (β=.274, t=2.759, $p<0.05$). Psychic distance had a direct and significant connection with non-monetary performance parameters (β=.276, t=3.737, $p<0.05$).

The study model explaining variation in financial performance due to the combined effect of psychic distance, strategies of entry into the market, and dynamics of market channel is stated as follows:

$NFP_4 = \beta_0 + \beta_{24}MES_1 + \beta_{25}MCD_2 + \beta_{26}PD_3 + \epsilon$

Where:

NFP_4 =Non-Financial Performance

MES_1 = Market entry strategies

MCD_2 = Market channel dynamics

PD_3 = Psychic distance

$NFP_4 = .401 + .417ES_1 + .274MCD_2 + .276PD_3$

The regression equation shows that a unit change in market entry strategies causes an increase of .417 units in organizational performance measured using non-financial performance, a unit change in market channel dynamics causes an increase of .274 units in organizational performance measured using non-financial performance while a unit change in psychic distancecauses an increase of .276 units in organizational performance measured using non-monetary performance. The connection was significant and thus supports the hypothesis that significant joint effect of psychic distance, modes of entry and market channel dynamics on non-financial organizational performance exists.

Overall, the study outcomes are in favour of the hypothesis (**H_4**) that a significant joint effect of psychic distance, strategies of entry into the market and marketing channel dynamics on corporate performance exists.

4.10 Summary of Research Objectives, Hypotheses, Results and Interpretation

The overall study objective was to examine the effect of psychic distance and dynamics of marketing channel on the relationship between strategies of entry into the market and corporate performance. All the hypotheses confirmed were backed. Table 4.38 summarizes the answers to research objectives, hypotheses and interpretation.

Table 4.38: Summary of Research Objectives, Hypotheses, Results and Interpretation

Objective	Hypotheses	R^2	P-Value	Interpretation	Remarks
Objective One: Establish the relationship between strategies of entry into the market and performance of Kenya's MNCs	H_1 A significant association between modes of entry into the market and corporate performance exists	Financial R^2=.431 Non-Financial R^2=.525	.000 .000	Strategies of market entry significantly affect firm performance	**H_1** is Supported
Objective Two: Determine the effect of marketing channels dynamics on association between modes of entry into the market and organizational performance of Kenya's multinational companies	H_2The association between firm performance and modes of entry into market is greatly moderated by dynamics of market channel	Financial R^2 before=.450 R^2 after=.521 Non-Financial R^2 before=.549 R^2 after=.623	.000 .000	Marketing channels dynamics significantly affect the relationship between strategies of entry into the market and corporate performance	**H_2** is supported
Objective Three:Ascertain the effect of perceived distance on the correlation of strategies of entry with corporate performance	H3 The relationship between the modes of entry into the market and corporate performance is moderated by perceived distance	Financial R^2 before=.450 R^2 after=.503 Non-Financial R^2 before=.549 R^2 after=.654	.000 .000	Psychic distance significantly affect the connection between modes of entry into the market and corporate performance	**H_3** is Supported
Objective Four: Determine the joint effect of psychic distance, strategies of entry into the market, and dynamics of market channel on performance of multinational companies in Kenya.	H4A significant joint effect of psychic distance, modes of entry into the market and dynamics of market channel e on corporate Performance exists	Financial R^2=.576 Non-Financial R^2=.664	.000 .000	The joint effect of psychic distance, modes of entry into the market and market channel dynamics on organisational performance is more than individual effects of market entry strategies, market channel dynamics and psychic distance on corporate performance.	**H_4** Supported

Source: Primary data

4.11 Empirical Model

Since all the variables were affirmed, no variable was dropped and thus the conceptual framework was retained as it was. Figure 4.6 presents the empirical framework of the research components.

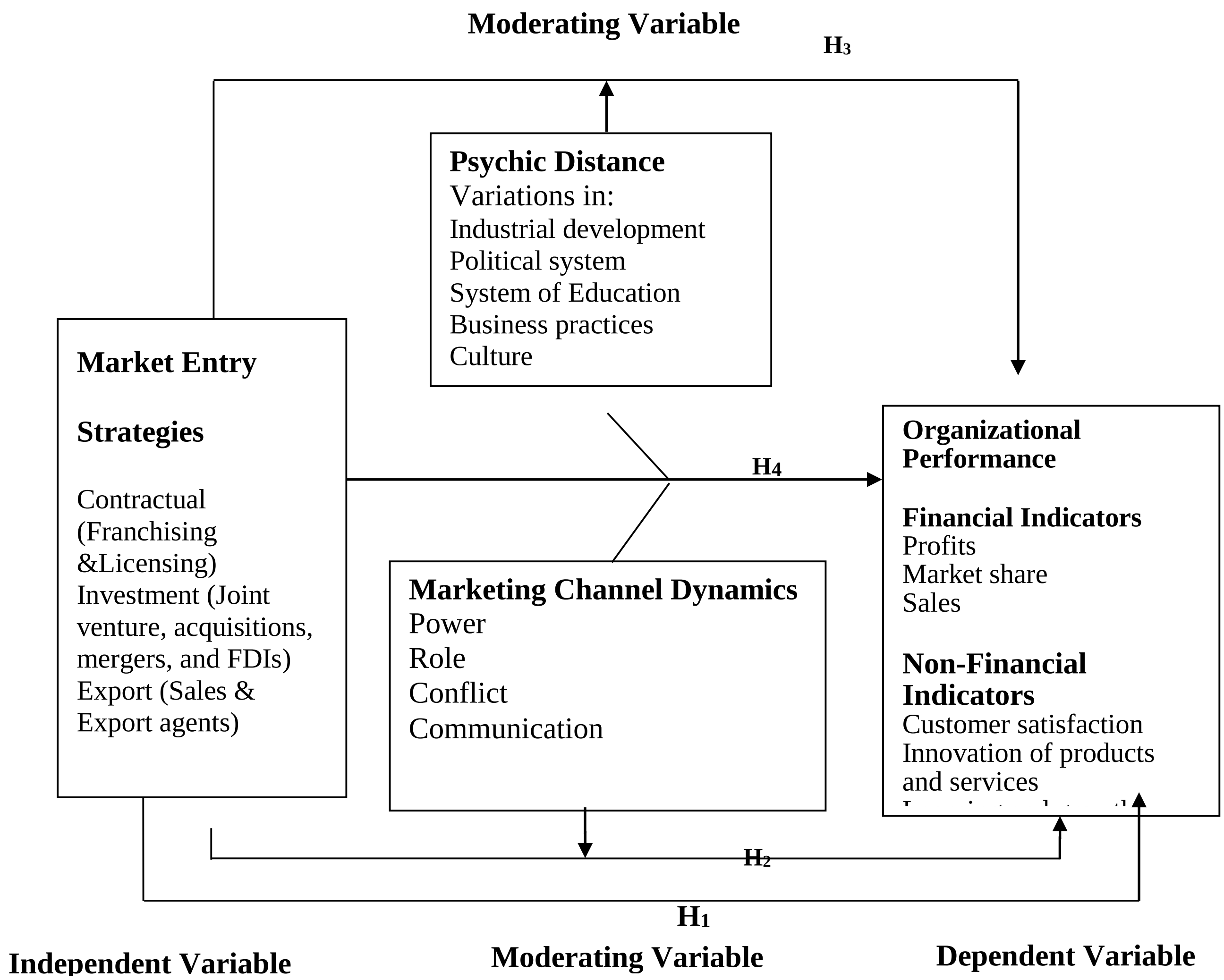


Figure 4.6: Empirical Model

Source: Current Author (2019)

Financial Performance

H_{1a}: $FP_1 = -46.804 + 2.820X_1 + 10.056X_2 + 5.417X_3$

H_{2a}: $FP_2 = -74.667 + 15.346MES + 30.993MCD + 8.536MES*MCD$

H_{3a}: $FP_3 = 31.903 + 6.663MES + 17.520PD + 5.751MES*PD$

H_{4a}: $FP_4 = -46.664 + 14.184MES_1 + 1.087MCD_2 + 5.741PD_3$

Non-financial Performance

H_{1b}: $NFP_1 = .697 + .231X1 + .384X2 + .241X3$

H_{2b}: $NFP_2 = -1.010 + .889MES + .813MCD + .097MES*MCD$

H_{3b}: $NFP_3 = -1.802 + 1.164MES + 1.085PD + .181MES*PD$

H_{4b}: $NFP_4 .401 + .417MES_1 + .274MCD_2 + .276PD_3$

4.12 Discussion of the Results

The following section details the outcomes of the study objectives together with the hypotheses formulated. Regression analysis was applied to test these hypotheses after diagnostic tests were conducted for statistical assumptions.

4.12.1 Market entry Strategies and Organisational Performance

The first study aim was to unearth the relationship between strategies of entry into the market and organisational performance. The researcher broke down organisational performance into two, monetary and non-monetary performance. The effect of entry strategies on corporate performance was thus established by considering separately monetary and non-monetary performance indicators. The study established that market entry strategies explained 43.1% of the variance in organizational performance measured using financial performance parameters. When organizational performance was measured using non-financial parameters, market entry strategies explained 52.5% of the variance in organizational performance. The research outcomes support the view that a carefully selected market entry has a lasting effect on a firm's performance, for example Kotler (1997) indicated that the selection of the wrong entry strategy has far reaching negative effects on performance. The results are consistent with Kirbua and Benjamin (2007) who pointed out that multinational company can succeed in international new markets by merging with an existing firm in the new market, creating subsidiaries, or by acquiring an existing firm.

The results concur with Sukali (2014) who posits that strategies of market entry affect a firm's performance. The study outcomes agree with Akande and Khadka (2018) who asserted that strategies of entry are crucial when entering new markets. The outcomes are also in line with Rasheed, (2005) who argued that the selection of mode of entry into an overseas market is a key success factor of an overseas entity. The study results are also supported by Jamsheed, (2005) who noted that the choice of a suitable entry approach is an indispensable and critical element when setting a foot on an international market.

The results too are consistent with Koch (2010) who established that entry choices are key determinants of business success or failure as they affect the performance of foreign subsidiaries. Zekiri and Angelova (2011) also agree with this study results when they assert that any approach to enter new market chosen by an overseas company tends to influence its performance. The study notes that market entry strategies are major strategic decisions for many organisations seeking international expansion and their influence on performance cannot be ignored.

4.12.2 Moderating Effect of Dynamics of Marketing Channels and Organizational Performance

The second aim was to establish the effect of marketing channels dynamics on the relationship between strategies of entry into the market and organisational performance. The survey outcomes reveal that there is a significant influence of Marketing Channel Dynamics on the correlation of strategies of market entry with firm performance gauged using both non-monetary and monetary performance indicators.

For example using financial performance, regression analysis results revealed that R^2 improved from 45.0 percent to 48.3percent in step two to 52.1percent in step three. While using non-financial performance the results reveals that R^2 improved from 54.9 percent to 62.1 percent in step two to 62.3 percent in step three. Therefore the results provide evidence in support of the hypothesis that marketing channel dynamics moderates the relationship between strategies of entry into the market and organisational performance. The outcomes agree with Adimo and Osooo (2017) position that marketing channel strategies increases performance through market share, revenue, sales and customer satisfaction. The results are also supported by Behan and Lamoureux (2015) who suggested that marketing channel dynamics determines the level of performance of organizations, since they influence the sale of MNCs products by affecting the control of company pricing and avoiding erosion of product prices and market instability. In addition they argued that marketing channel dynamics endeavour to build channel relationship which increases the value of the services offered with a view of registering better sales and profits. The study findings are also consistent with Shimp (1996) who indicated that marketing channel dynamics influence communication leading to consistencies and less confusion translating to increased market share.

4.12.3 Moderating Effect of Psychic Distance and Organisational Performance

The third aim was to establish the effect of perceived distance on the relationship between strategies of market entry and organisational performance. The research hypothesised that a significant effect of Psychic distance on the association between strategies of entry into the market and Performance using both financial and non-monetary performance indicators.

The outcomes showed that R^2 improved from 45percent to 48.1percent in the second step to 50.3percent in the third stage and R^2 improved from54.9percent to 64.0percent in step two to 65.4percent in step three in support of the hypothesis that perceived geographical distance moderates the connection between entry strategies and both financial and non-monetary performance respectively. The results are in agreement with Sharma and Sallis (2006) who carried out an examination and established that firms dealing with services employ dissimilar approaches of entering new markets and this pegs on the extent of the risk in that given market. This is also supported by Hennart and Lavino, (1998) who postulated that firms consider psychic distance before entering new markets, whereby firms employ low modes of entry in times of high psychic distance and employ high control modes when in periods of low psychic distance. The outcomes are supported by Lengler (2009) who observed that a significant association between perceived geographical distance and performance exists.

The outcomes are also in agreement with Evans and Mavondo (2002) who established that perceived geographical distance and organizational performance are positively related. However, the results contrast Vahlne and Nordstrom (1994) assertions that there is an indirect association between perceived psychic distance and corporate performance. The results also contradict Ali (1995) who examined the negative association between firm performance and psychic distance. In addition, the results are contrary to O'Grady and Lane (1996) who observed that psychic distance and firm performance are negatively correlated. They contended that management may fail in decision making due to perceived similarities between nations that make them neglect possible differences. They added that the observed similarities make it hard to learn about emerging markets or may not reduce uncertainty. In its place, they can result in unplanned for barriers to entry and poor performance. However, the current study results are also in agreement with Ogutu and Oloko (2012) observation that understanding the effect of psychic distance is critical for superior performance of multinational corporations. The reason behind it is that high psychic distance hampers prospective firms from gathering market information from these distance markets (Eriksson, Johanson & Majgaard, 1997).

4.12.4 The Joint Effect of Psychic Distance, Strategies of Entry into the Market, and Dynamics of Market Channel on Organizational Performance

Lastly, the examination sought to determine the joint effect of modes of entry into the market, psychic distance and dynamics of marketing channel on organizational performance. The inquiry hypothesised that a significant combined effect of psychic distance, strategies of entry and marketing channel dynamics on both monetary and non-monetary organizational performance exists.

The outcomes revealed that perceived psychic distance, strategies of entry into the market, and marketing channel dynamics explained 57.6% of change organizational performance measured using financial performance indicators and explained 66.4% of change in organizational performance measured using non-financial performance.

The results are in line with Coeurdacier, De Santisand Aviat, (2009) who pointed out that businesses endeavour to achieve a wide array of objectives; however, when there is a conflict of objectives, these business firms are unlikely to realize organizational performance because of disruptions. The results are also consistent with Doole and Lowe (2007) who observed that firms using contracting mode of entry might lose their assets to their licensees in the host market. The findings concur with Bradley and Sousa (2006) who pointed out that perceived psychic distance is one of the greatest embedment to organizational performance as it determines the process of communication and collaboration. Other supporting arguments to the study findings, include that the psychic distance negatively influences the costs of doing international business due to hindrance to transfer of information among the countries of interest. Another argument postulated by Gomes and Ramaswamy (1999) is that business firms prefer to invest in psychically close countries, as the economic and market conditions in these countries are similar to the home countries of the parent companies. Another reason include the proximity of the countries ensures that there is advantage of competencies across the borders (Katsikeas et al. 2009) while Grewal et al. (2008) argued that market entry mode and psychic distance influences business trust which affects organizational performance.

However, the results disagree with Morosini et al. (1998);Sousa et al. (2010);Hang and Godley (2009); Evans et al. (2008) who mentioned that business firms can still be successful and realize enhanced performance when they invest in distance markets.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The Chapter details the study summary and findings, deductions, and gives possible recommendations in line with the set objectives. The section also provides ramifications of the results for policy, management, and theory practice. Lastly, the section details study limitations and recommendations for further research works.

5.2 Summary of the Findings

The main aim of this thesis was to examine the influence of psychic distance and marketing channel dynamics on the association between strategies of entry into the market and organisational performance. The researcher developed four main objectives with its corresponding hypotheses to attain this goal.

5.2.1 Market Entry Strategies on Organizational Performance

The first study objective was to establish the relationship between market entry strategies into the market and organisational performance broken down into monetary and non-monetary performance. Market entry strategies comprised of export, contracting and investment modes of market entry. The study endeavoured to test the effect of strategies of market entry on organizational performance measured through monetary and non-monetary performance perspectives. The study established that market entry strategies explained organizational performance of multinational companies gauged through monetary and non-monetary performance parameters. The test showed that contracting mode with a coefficient of variation (CV) of 24% had the highest influence on organisational performance followed by investment mode with coefficient of variation (CV) of 40% then lastly export modes of market with coefficient of variation (CV) of 45%.

Concerning the effect of strategies of market entry for both monetary and non-monetary organizational performance, the researcher established that market entry strategies influenced 43.1 percent of the variation in firm performance measured using financial parameters and 52.5 percent of the change in corporate performance measured using non-financial parameters. The findings unearthed that a direct and significant influence of entry strategies on organizational performance both in non-financial and monetary indicators exists.

5.2.2 Moderating Effect of Market Channel Dynamics on the Relationship between Market Entry Strategies and Organizational Performance

The second objective was to determine the effect of marketing channel dynamics on relationship between strategies of entry into the market and corporate performance. The dynamics of marketing were broken down to role, communication, power/control and conflict aspects. The study established that roles had the greatest effect on organisational performance with a higher score of coefficient correlation of 20%, while the least influential factor of market channel dynamics that influence organizational performance was conflict with a coefficient of variation (CV) of 52%.

Regarding the effect of market channel dynamics on the connection between strategies of market entry and organizational performance using both monetary and non-monetary indicators, it was shown that when the moderator (marketing channel dynamics) was introduced R^2 improved from 48.3percent to 52.1 percent and from 62.1 percent to 62.3 percent in both monetary and non-monetary organisational performances respectively.

The results therefore offered data to back up the assumption that marketing channel dynamics moderates the relationship between strategies of market entry and organisational performance.

5.2.3 Moderating Effect of Psychic Distance on the Relationship between Market Entry Strategies and Organizational Performance

The third objective was to ascertain the influence of perceived distance on relationship between strategies of entry into the market and corporate performance. The research further broke down Psychic distance into perceived geographical distance, perceived cultural distance and perceived economic distance. The findings depicted that the most influential construct of psychic distance influencing organizational performance is perceived geographical differences with a coefficient of variation (CV) of 49%, while perceived economic difference with a coefficient of variation (CV) of 50% is the least influential construct of psychic distance that influences organizational performance.

With regard to the assumption that a significant effect of perceived psychic distance on the association of strategies of market entry with organisational performance exists, the study established that when the moderator (psychic distance) was introduced R^2 improved from 48.1percent to 50.3percent and from 64.0percent to 65.4percent in both financial and non-financial organizational performances respectively. This results support the assumption that psychic distance moderates the association between strategies of entry into the market and organizational performance.

5.2.4 The Joint Effect of Psychic Distance, Strategies of Market Entry, Dynamics of Marketing Channel on Corporate Performance

The last objective was to establish the joint effect of psychic distance, strategies of entry into the market and dynamics of marketing channel on performance of Kenya's multinational companies. The organisational performance comprised of financial and non-financial indicators.

The results using primary data established that "our firm regularly achieves its objectives and goals" as the highest construct with an average CV results of 17% and the fact that "our firm regularly participates in corporate social responsibilities" with a coefficient of variation (CV) of 32% as the least important factor for explaining organisational performance using non-financial indicators. The results from secondary data established that customer base with a coefficient of variation (CV) of 1% and the launch of new services and products with a coefficient of variation (CV) of 106%as the highest and lowest influential factors in explaining non-financial organisational performance respectively.

For the financial organizational performance the period under the current study organizational performance the firms' sales in KShs million averaged 2147, market share average was 23.2% while profits growth had an average of 17.7%.

After testing the joint effect of psychic distance, strategies of entry into the market, and dynamics of market channel on organizational performance; it was revealed that psychic distance, market entry strategies, and dynamics of market channel jointly explained 57.6% of change organizational performance determined using monetary performance indicators and 66.4% of change in organizational performance measured using non-monetary performance.

5.3 Conclusion

The research outcomes affirmed the claim that strategies of market entry determine the business success of the firms (Koch, 2007). This is due to the fact that the strategies of entry determines the resources needed for a given host market, commitment and engagement expected for the market. The study indicates that firms should consider contracting approach of entry where possible since it has a better influence on performance than investment and export approaches of entry.

Another finding is that marketing channel dynamics influences the correlation of strategies of entry into the market with organizational performance. The marketing channel dynamics influence decision making and management practices with these firms' intermediaries. It is important to note that roles were shown to a key determinant of organizational performance from the marketing channel dynamics perspective. Another finding is that marketing channel dynamic has more significant and positive moderating effects in financial organisational performance than in non-financial organizational performance.

The study established that perceived psychic distance moderates the relationship between entry strategies and organizational performance. The outcomes revealed that perceived geographical distance had a higher effect on performance than perceived cultural distance and perceived economic distance. Another notable finding is that psychic distance had a more direct and significant moderating effect with financial performance than with nonfinancial organizational performance.

The study determined the combined effect of psychic distance, strategies of entry into the market, and dynamics of marketing channel on organizational performance. The findings noted that combined effect of psychic distance, modes of entry into the market, and dynamics of marketing channel on organizational performance measured using non-financial indicators was high than the collective effect of psychic distance, modes of entry into the market, and dynamics of marketing channel on corporate performance measured using financial indicators. This implied that the joint effect of psychic distance, strategies of entry into the market, and dynamics of marketing channel on organizational performance influences the performance more when using non-financial indicators than when using financial indicators.

5.4 Implications of the Study and Recommendations

The present study established the relationship between strategies of entry into the market and organizational performance as well as the moderating effect of marketing channel dynamics and perceived geographical distance on the association between strategies of entry into the market and organisational performance. The results of the study pose serious ramifications for policy-makers, theory development, and management practice.

5.4.1 Contribution to Theory and Knowledge

This examination has presented innumerable results that have ramifications to theory of international marketing, theory of location advantage and resource based view. The study purposed to develop an understanding of the relationship between approaches of market entry and firm performance, and the role of perceived psychic distance and dynamics of market channel in the association between strategies of entry into the market and firm profitability.

The thesis has contributed to the improvement of international marketing theory by offering understandings into the way approaches of entry into the market affect organisational performance with dynamics of market channel moderating influences on the relationship. Besides, the study pointed that psychic distance moderates the relationship between entry strategies and organisational performance. Moreover, the study established a significant combined effect of psychic distance, modes of entry into the market, and dynamics of market channel on profitability of firms which is an insight in the advancement of international marketing theory.

The results make a contribution to the Location Advantage theory. The locational advantage theory discusses the market entry strategies, which largely have ramification on the organizational performance. An implication of this theory is that companies that enjoys the benefits of location in their homelands develop competitive strategies due to adequate resources in their motherland, and will turn out to be the leading global actors in the sectors in which their countries are relatively advantageous.The location of a business determines the success of that business in terms of attracting investment; this is confirmed by the study findings that perceived geographical distance influences the association between strategies of entry into the market and corporate performance.

The results make a contribution to Resource Based View which argues that businesses use their resources as an approach to realizing competitive advantage. Firms use their resources such as skills, assets, and know-how as an approach to realizing competitive advantage because most firm specific factors are unique to the business and cannot be replicated by other businesses. In the present study, entry strategies are channels for ferrying resources between the host country business and parent firm. Consequently, firm resources affect market channel dynamics with a view of selecting a market entry strategy that will translate to organizational performance. This means that marketing channel dynamics are applied to manage resources and capabilities. This constitutes the relationship between the theory and study findings, and is confirmed by the current study results that marketing channel dynamics influences the relationship between strategies of market entry and organizational performance.

5.4.2 Policy Implications

These study findings have significant policy implications. At international marketing level, the study established strategies of market entry have an effect on organizational performance. Managers working with multinational corporations should not only consider entry approaches before going global but also consider the effect marketing channel dynamics and psychic distance has on the relationship so as to select a superior strategy.

At governmental level, the government can adopt regulatory roles that cut psychic distance between host and parent nation, and trigger foreign investment. For example, adoption of technology development, reducing corruption and improving commercial ties will enhance economic development. This development reduces the perceived psychic distance between the parent countries and receiving countries leading to an increased organisational performance and investment.

At organisational level the management of Multinational Corporation should recognize that marketing channel dynamics are ideal approaches to attain competitive edge in the international marketplace. Therefore, for effective performance there is need for coordination in the roles of the various parties in the channel functions. In addition, communication between channel members and management of power, and conflict within the marketing channel are keys for effective organisational performance. This is due to the findings that marketing channel dynamics moderates the relationship between firm performance and market entry approaches.

5.4.3 Implications for Marketing Practice

The practice involves day to day operations and duties or functions involved in the management of these multinational corporations. The outcomes revealed that modes of entry into the market have an effect on organizational performance. Management have responsibility for good performance of these firms in a new country. The study findings show that market entry strategies (export, contracting and investment) have an effect on performance, with contracting entry having the highest influence followed by investment then export entry. Since the choice of entry approach has a long-lasting consequence on a company's international performance, it is recommended that management must always choose a market entry decisions that have a direct and significant effect on the performance of these firms. Generally, the management should always evaluate the market entry strategy to be used when going international.

In addition, it was noted that that marketing channel dynamics influences the correlation of modes of entry into the market with organizational performance. Through engagement in countless distribution roles, marketing channel play a crucial task in products flow from these parent countries to host countries and ultimately to consumers. Similar to other business areas, marketing environment is volatile and channels of marketing should be managed carefully. This is because excellent channel management strategies and policies aid the business achieve competitive edge. Designing a marketing channel calls for analysing key channel roles, establishing channel communication roles, managing conflict and power. In designing the marketing channel dynamics, the marketer must configure them in a way that ensures the organisation is unique, competitive and performing.

The study established that psychic distance influences the relationship between strategies of market entry and organizational performance. It is worth mentioning that psychic distance is all about the observable difference between the home and foreign business conditions. The expectation that an increased psychic distance yields uncertainties that might discourage an organization from running operations or establishing new businesses in the international marketplace makes it very relevant to this study. The wider the psychic distance, the more costs a multinational will incur and therefore will lead to a reduced organisational performance. Aware that cultural values function as structuring relations that ensure knowledge transfer globally, perceived distance can determine performance of MNCs. The research recommends that the MNCs should closely monitor these key determinants of psychic distance and manage them in a more effective way that ensures effective performance.

5.5 Limitations of the Study

The study had a few drawbacks due to its magnitude. The limitations however did not affect the overall design and the outcome of the study. The inquiry relied on both non-financial and financial indicators from both secondary and primary materials to measure organizational performance. Measuring organizational performance using such a broad spectrum might compromise the actual results of the study than when only non-financial or financial indicators from either primary or secondary data are adopted. This is because some information relies on respondents' perception and opinion.

The study focused on top management (the Country director, Marketing Director and Operations Manager) of multinational corporations as respondents. These firms are spread all over the country and travelling for both the researcher and the assistants was required to these organizations which was an expensive undertaking in terms of travel, accommodation and other transport costs. Some cases required three to four visits to an organization.

Another limitation was that the researcher employed a cross sectional study approach. This approach involved collecting secondary data at some point in time. The shortcoming of such design is that it does not detect causal effects of variables. However, a longitudinal approach would have provided a better assessment of the relationship between the study variables.

Getting information about financial performance is not easy, especially on sales, market share and profits due to secrecy observed by these organizations' management. Some were uncomfortable with sharing information in these areas fearing that the information might leak to their competitors. However, with the introduction letter from the university college and the explanation that information was meant for academic use, some respondents lessened their tension, became comfortable and shared the information. Despite all these drawbacks, the quality and outcome of the research work was not affected.

5.6 Suggestions for Future Research

The inquiry used cross sectional descriptive study approach. Future research studies using longitudinal research design may be adopted. Longitudinal research studies unlike cross section research studies will allow the use of data in examining the influence of marketing channel Dynamics and psychic distance on the relationship between strategies of market entry and organizational performance gradually. Longitudinal studies will also allow the study of modes of entry into the market of multinational corporations and their influence on firm performance over time.

The examination established that psychic distance significantly affects the relationship between modes of market entry and organisational performance. However, some previous studies have presented a statistically insignificant relationship between the influence of psychic distance and organisational performance. The researcher makes recommendation that an additional study be done to find out if psychic distance influence on the relationship between modes of market entry and organisational performance changes with industry that is, does the effect and direction of psychic distance on the relationship change with industry?. In addition comparative studies should be done on multinationals corporations from Asia versus the ones from Europe and America and note if there are any significant gaps on the influence of psychic distance on the association between strategies of market entry and organisational performance of these two groups of MNCs.

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APPENDICES

Appendix I: Letter of Introduction

Dear Sir/Madam,

THE INFLUENCE OF MARKET CHANNEL DYNAMICS AND PSYCHIC DISTANCE ON THE RELATIONSHIP BETWEEN MARKET ENTRY STRATEGIES AND PERFORMANCE OF MULTINATIONAL CORPORATIONS IN KENYA

My name is Samuel Thiong'o Mungai. I am a Doctoral (PhD) student of the University of Nairobi, School of Business. I am conducting a study concerning the influence ofmarket channel dynamics and psychic distance on the relationship between strategies of market entry and performance of Kenya's multinational companies

As a Manager in charge of your Organisation, you are deemed to be well informed regarding Multinational Corporations information and you have been selected as a respondent. Please take afew of your minutes to provide the information required in this questionnaire. I assure you that your responses will be kept completely confidential and will be strictly for academic purposes.

Your timely contribution and response will be highly appreciated. And if you wish to have a summary of the study findings, kindly indicate at the end of the questionnaire.

Yours faithfully,

Samuel Thiong'oMungai

thiongosamwel@yahoo.com

Tel. +254-721382199

Appendix II: Questionnaire

Introduction

This questionnaire is designed for collection of data from multinational companies based in Kenya to contribute to the study on the impact of modes of market entry strategies on Organisational Performance by Multinational Corporations. Your participation and accurate response to the questions is therefore very important for the kind of data required for the study. The data will be treated with utmost confidentiality.

PART A: BACKGROUND INFORMATION

1. Name of the company: (optional) ______________________________
2. Sector of the company: ______________________________
3. Number of employees: ______________________________
4. Year of establishment: ______________________________
5. Nature of business: ______________________________
6. Respondent's managerial position: ______________________________
7. Designation of respondent: ______________________________
8. Your highest level of education attained(Tick one only)

Bachelor degree certificate	
Master degree certificate	
PhD certificate	
Others specify	

PART B: MARKET ENTRY STRATEGIES

9. Kindly state to what degree you support the following statements concerning market entry strategies pursued in your organization using a scale, where 5=to a very large extent; 4= to a large degree; 3=to a moderate extent; 2=to a small extent; 1=not at all.

Items	1	2	3	4	5
a)Export entry mode					
i)Our organization does direct export of all products and services					
ii)Our organization has an import division doing all the import activities					
iii)Our organization has an agent that handles all export and import activities					
iv)Other (Specify)					
b) Contracting entry mode					
i) Our organization offers products/services within specified rules, procedures and processes specified by our parent company					
ii) Our organization designs, develops and maintains products/services with technology derived from our parent company					
iii) Our organization uses name, logo and trade mark of our parent company					
iv) Our organization offers products/services using managerial and marketing skills permitted by our parent company					
v) Our company always uses preparation and production techniques permitted and approved by our parent company					
vi) Our organization always pays a given fee or royalty to our parent company					
vii) Other (Specify)					
c) Investment mode of entry					
i) Our company is a foreign company that came and set up a new plant and machinery in the country					
ii) Our company is in partnership with a parent foreign company					
iii) Our company was partly sold to a foreign company					
iv) Our company shares profits with our foreign company partner					
v) Our company was totally acquired by another foreign company leading to our new company name					
vi) The company shares risks and losses with our foreign company					
Other (Specify)					

10. Having considered all stated issues above, state the extent to which you agree that market entry strategies affect organizational performance by use of scale in the range of 1-5,where 5=to a very large extent; 4= to a large degree; 3=to a moderate extent; 2=to a small extent; 1=not at all.

	1	**2**	**3**	**4**	**5**
Market entry strategies					

PART C: MARKETING CHANNEL DYNAMICS

11. Please state the extent to which you agree with the following statements concerning marketing channel dynamics in your organization using a scale, where 5=to a very large extent; 4= to a large degree; 3=to a moderate extent; 2=to a small extent; 1=not at all.

Items	**1**	**2**	**3**	**4**	**5**
a) Roles					
i) Our company market channel functions are well defined					
ii) Our company can arrange withdrawal of defective merchandise from the market					
iii)Our company coordinate delivery schedules to meet customer expectations in the market					
iv)Our company store merchandise in an appropriate facility for our customers.					
v)Our company maintain adequate stock to meet customer demand					
vi) Our company orders appropriate assortment of products					
vii) Our companyIdentifies major channel alternatives					
Others (specify)					
b)Communication					
i) Our company advertises for products and services we offer on behalf of our parent company					
ii)Our company provides point of purchase displays for our products and services					
iii) Our company provides salesforce to disseminate persuasive communications about our products and services to customers					
iv)Our company often communicate with our parent company about competition in the market					
v)Our organization channel goals are under parent channel objectives leading to regular communication					
vi)Other(specify)					
c)Conflict					
i)Our organization often disagrees with our parent company on key channel functions					
ii)Our company often places an order to our parent company on time but they often delay shipments					

iii)Our parent company often complains that our company places orders and payments late					
iv)The parent company often fail to respond to our order queries on time					
v)Our parent company often make decisions for our market distribution without first consulting us					
vi)Our parent company does not assist on distribution of products and services					
vii)Our parent company often sends managers to manage our market channel functions without consulting us					
viii)Other(specify)					
d) Power/control					
i) Our company often consults our parent company for advice on prices for products and services in the market					
ii)Our parent company reward us for the volume of our business with them					
iii)Our parent company often requestlegal advise on unclear business issues					
iv)Our parent company often recommends the promotional strategies for our business offerings					
v)Our parent company often threaten our local firm when we disagree on issues					
vi)Our parent company often makes recommendations on who should be employed on our organisation					
vii)Other(specify)					

12. Having considered all stated issues above, state the extent to which you agree marketing channel dynamics affect organization performance by use of scale in the range of 1-5, where 1=not at all; 2=to a small extent; 3=to a moderate extent; 4=to a large extent; 5=to a very large extent.

	1	**2**	**3**	**4**	**5**
Marketing channel dynamics					

PART D: PSYCHIC DISTANCE

13.Kindly indicate to what degree you concur with the following statements regarding Psychic distance in your organization by use of scale in the range of 1-5, where 5=to a very large extent; 4= to a large degree; 3=to a moderate extent; 2=to a small extent; 1=not at all

a)Perceived geographical differences	**1**	**2**	**3**	**4**	**5**
i)We have a shared boundary in this country with our parent company country					
ii)There is a short geographical distance from our parent company country to this country					
iii)There is time related risk when shipping goods from our parent company country port to Mombasa port					
iv)When our staff visit parent company country our company incurs substantial freight expenses					
v)We have a number of immigrants and visitors from this country to our parent company country					
vi)We have a number of immigrants and visitors from parent company country in this country					
vii)Other(specify)					
b)Perceived cultural difference					
i)We have similar national language in this country as our parent company country					
ii)We speak similar business language with our parent company country					
iii)This country regularly plays same sports with our parent company country					
iv)We have closer historical and colonial ties in this country with our parent company country					
v)We use similar alphabetical letters in this country as in our parent company country					
vi)The level of education of our managers in this country is the same as the one found in our parent company country managers					
vii) We have similar religions in this country and in our parent					

company country					
Viii)We have similar form of government in this country as in our parent company country					
ix) We sell same standardised products in this country and our parent country					
x) We sell different products(adaptations) in this country from the ones sold in our parent country					
xi)Other (specify)					
c)Perceived economic difference					
i)Our parent company country uses same currencies as the one used in this country					
ii)We have same level of development in this country as our parent company country					
iii)This country and our parent company country belong to the same economic group/membership					
iv)The level of corruption in our parent company country is the same as the one found in this country					
v)The marketing structure in this country is the same as in our parent company country					
vi)We have strong commercial ties in this country with our parent company country					
vii)We use same technology in this country as the one in our parent company country					
viii)other(specify)					

14. Having considered all stated issues above, state the extent to which you agree psychic distance affect organization performance by use of scale in the range of 1-5, where 5=to a very large extent; 4= to a large degree; 3=to a moderate extent; 2=to a small extent; 1=not at all

	1	**2**	**3**	**4**	**5**
Psychic distance					

15.Mention any issue that is relevant to this study that is not covered in the questions

……………………………………………………………………………………………

……………………………………………………………………………………………

…………………………………………………………………………………………..

PART E: ORGANIZATIONAL PERFORMANCE

16.**(i) Financial performance**

Kindly indicate the performance level of your organisation using the following indicators.

Performance indicator	**2015**	**2016**	**2017**
Sales			
Market share			
Profits growth			

(ii) Non- financial performance

Please indicate how your company has performed with respect to the following performance outcomes over the last three years relative to your closest competitor using a scale, where 1=not at all; 2=to a small extent; 3=to a moderate extent; 4=to a large extent; 5=to a very large extent.

Performance indicator	**1**	**2**	**3**	**4**	**5**
Our firm has more loyal customers than competitors					
Our firm rarely receive complaints from customers about our products					
Our firm has customers that are happy with our processes, procedures and systems					
Our firm has customers that rarely complain about our processes, procedures and systems					
Our firm regularly generate new improved products and services					
Our firm regularly achieves its objectives and goals					
Our firm regularly generates products and services at reduced costs					
Our company regular objectives and activities reflect priorities of our stakeholders					
Our firm regularly participates in corporate social responsibilities					

17.Please make any suggestions you may have to improve organizational performance.

……………………………………………………………………………………………
……………………………………………………………………………………………
…………………………………………………………………………………………….

Appendix III: Secondary Data Collection Form

(i) Financial performance
Kindly indicate the performance level of your organisation using the following indicators.

Performance indicator	**2015**	**2016**	**2017**
Sales			
Market share			
Profits			

(ii) Non- financial performance

Performance indicator	**2015**	**2016**	**2017**
Customers' base			
Complaints			
Customer satisfaction index			
New products and services introductions (%)			
Reductions in costs of doing business (%)			
Attainment of the organisations' objectives and goals (%)			
Dividends for the shareholders (%)			

THANK YOU FOR TAKING YOUR TIME TO PARTICIPATE IN THE STUDY

Appendix IV: List of Targeted Organizations

	COMPANY	COUNTRY	SECTOR
1.	Fourteen Flowers	Netherlands	Agricultural
2.	Happy Cow Limited	Netherlands	Agricultural
3.	InduFarmEPZLtd	Netherlands	Agricultural
4.	Regina Seeds	Netherlands	Agricultural
5.	SherFlowers	Netherlands	Agricultural
6.	African Highland Produce Co Ltd	UK	Agricultural
7.	George Williamson	UK	Agricultural
8.	Rea VipingoPlantations	UK	Agricultural
9.	Kenya Shell &BP	Netherlands	Energy
10.	Total Kenya ltd	France	Energy
11.	Avery Kenya Ltd	UK	Energy
12.	Shell-British Petroleum	UK	Energy
13.	Caltex Oil (Kenya)Ltd	USA	Energy
14.	Mobil Oil Kenya ltd	USA	Energy
15.	Bank of Baroda	India	Financial
16.	Barclays Bank (K)Ltd	UK	Financial
17.	Standard Chartered	UK	Financial
18.	Fairview Hotel	Netherlands	Hospitality
19.	Safari Park Hotel	Korea	Hospitality
20.	Riverdell Gardens	Sweden	Hospitality
21.	African Safari Club	Switzerland	Hospitality
22.	Abercrombie & Kent Tours Ltd	UK	Hospitality
23.	Barker &Barton (K)Ltd	UK	Hospitality
24.	Intercontinental Hotels	UK	Hospitality
25.	Nairobi Hilton Hotel	UK	Hospitality
26.	SERA Software East Africa	Netherlands	Information Technology

27.	Escape Ltd	Japan	Information Technology
28.	Metameta Office	Japan	Information Technology
29.	Next Technology	UK	Information Technology
30.	ICLKenya	UK	Information Techology
31.	IBM	USA	Information Techology
32.	Microsoft	USA	Information Techology
33.	Bata Shoes Co (K)Ltd	Canada	Manufacturing
34.	Tiomin Resources Inc	Canada	Manufacturing
35.	China Jiangsu International Economic-Technical Cooperation	China	Manufacturing
36.	China National Aero-TechnologyImport –Export Corp	China	Manufacturing
37.	Dream coat Automotive RefinishingProductsLtd	Netherlands	Manufacturing
38.	Procter & Gamble	Netherlands	Manufacturing
39.	BASF	Germany	Manufacturing
40.	Henkel Kenya Ltd	Germany	Manufacturing
41.	Orient Paper Mills (PanAfricanPaperMills)	India	Manufacturing
42.	Chiyo&Company	Japan	Manufacturing
43.	Atlas Copco	Sweden	Manufacturing
44.	Sandvik (Kenya)	Sweden	Manufacturing
45.	SKF(Kenya)Ltd	Sweden	Manufacturing
46.	Tetra Pak Ltd	Sweden	Manufacturing
47.	Nestle	Switzerland	Manufacturing
48.	Schindler	Switzerland	Manufacturing
49.	TexchemLtd	Switzerland	Manufacturing
50.	BeeHealthPropolisLtd	UK	Manufacturing
51.	Berger Paints	UK	Manufacturing
52.	BOC Kenya Limited	UK	Manufacturing
53.	Bonar EA ltd	UK	Manufacturing

54.	BP Solar	UK	Manufacturing
55.	BracklaNodorLtd	UK	Manufacturing
56.	British American Tobacco	UK	Manufacturing
57.	Cadbury Kenya	UK	Manufacturing
58.	CarnaudMetalbox Kenya Ltd	UK	Manufacturing
59.	Chloride Exide	UK	Manufacturing
60.	Coates Bros (EA)	UK	Manufacturing
61.	Crown Paints	UK	Manufacturing
62.	Cussons &Co Ltd	UK	Manufacturing
63.	Eastern Produce Kenya	UK	Manufacturing
64.	GlaxoSmithklineBeecham (GSK)	UK	Manufacturing
65.	Guinness PLC	UK	Manufacturing
66.	La Farge Cement UK (East Africa Portland Cement	UK	Manufacturing
67.	MagadiSoda	UK	Manufacturing
68.	RectittBenkiser	UK	Manufacturing
69.	Unilever E.A.	UK	Manufacturing
70.	Vita foam	UK	Manufacturing
71.	Coca Cola	USA	Manufacturing
72.	Colgate Palmolive	USA	Manufacturing
73.	Fresh Del Monte	USA	Manufacturing
74.	The Wrigley Company(EA)Ltd	USA	Manufacturing
75.	Kingsway Motors (Eicher)	India	Motor Vehicle
76.	Auto Italia / Car & General (agentsFor Alfa Romeo&Piaggio)	Italy	Motor Vehicle
77.	Kenya Motors (agents for IVECO)	Italy	Motor Vehicle
78.	New Holland –Fiat Spa	Italy	Motor Vehicle
79.	Asami Motor Services	Japan	Motor Vehicle
80.	Nissan (KVA)	Japan	Motor Vehicle

81.	Osaka Motors Company	Japan	Motor Vehicle
82.	British Leyland	UK	Motor Vehicle
83.	D.T.Dobie (Kenya)	France	Motor Vehicles
84.	Peugeot Kenya	France	Motor Vehicles
85.	Bruce Trucks Ltd–Iveco trucks	India	Motor Vehicles
86.	CMC (Maruti)	India	Motor Vehicles
87.	Marshalls EA(Tata)	India	Motor Vehicles
88.	Mitsubishi Corporation (Rep Office)	Japan	Motor vehicles
89.	Toyota Kenya	Japan	Motor Vehicles
90.	Daewoo Corporation	Korea	Motor Vehicles
91.	Hyundai Corporation	Korea	Motor Vehicles
92.	Kenya Grange Vehicle Industries	Sweden	Motor Vehicles
93.	General Motors	USA	Motor Vehicles
94.	EARS group Kenya	Sweden	Services
95.	Securicor	UK	Services
96.	China Overseas Engineering Corp	China	Services
97.	China Road & Bridge Corporation	China	Services
98.	Chinese Technical Cooperation	China	Services
99.	Sietco Development Corp	China	Services
100.	Sinotaco	China	Services
101.	AirlinkLtd	Netherlands	Services
102.	AnovaFoodBV	Netherlands	Services
103.	Anova East Africa (ANEA)	Netherlands	Services
104.	Christchurch Holdings	Netherlands	Services
105.	Grabowsky&Poort(Arcadis)	Netherlands	Services
106.	Groundwater Survey (Kenya)Ltd	Netherlands	Services
107.	Jet Travel Ltd	Netherlands	Services

108.	KLM Royal Dutch Airlines	Netherlands	Services
109.	Logistic Container Centre	Netherlands	Services
110.	Martinair Holland BV P &O Nedlloyd	Netherlands	Services
111.	SDVTransami	Netherlands	Services
112.	TNT Express Worldwide	Netherlands	Services
113.	VanLeerEast Africa Ltd	Netherlands	Services
114.	WEClinesLtd	Netherlands	Services
115.	SchenkerLtd	Germany	Services
116.	Air India	India	Services
117.	Heritage AIIInsurance Ltd	Switzerland	Services
118.	Kenindia Assurance company ltd	India	Services
119.	ManugraphKenyaLtd	India	Services
120.	PrajIndustriesLtd	India	Services
121.	KirdamConsortium	Italy	Services
122.	Asahi Shimbun Nairobi Bureau	Japan	Services
123.	Construction Project Consultants	Japan	Services
124.	Falcon Travel services	Japan	Services
125.	Japan African Culture Interchange Institute	Japan	Services
126.	Japan External trade Corporation	Japan	Services
127.	Japanese International Cooperation Agency(JICA)	Japan	Services
128.	Kajima Corporation	Japan	Services
129.	Kenya Tenri Society	Japan	Services
130.	Kyodo News Services	Japan	Services
131.	Mitsui & Co ltd	Japan	Services
132.	Nippon KoeiLtd	Japan	Services

133.	NisshoIwaiCorporation	Japan	Services
134.	Overseas Courier Company	Japan	Services
135.	Sumitomo Corporation	Japan	Services
136.	Alfa Laval Regional Office	Sweden	Services
137.	Photomap (Kenya) ltd	Sweden	Services
138.	Scala(EA)Ltd	Sweden	Services
139.	Skanska	Sweden	Services
140.	Technical engineering ltd	Sweden	Services
141.	Tour Africa Safaris	Sweden	Services
142.	Ulf Ashcan Safaris	Sweden	Services
143.	Water &Drilling Consultancy Ltd	Sweden	Services
144.	ABBAseaBrownBoveriLtd	Switzerland	Services
145.	Airside Ltd	Switzerland	Services
146.	Andre Promotion & Consulting Co.Ltd	Switzerland	Services
147.	Baobab Farm Ltd	Switzerland	Services
148.	Express Kenya	Switzerland	Services
149.	Pollmans Tours	Switzerland	Services
150.	Private Safaris	Switzerland	Services
151.	SGS Kenya Ltd	Switzerland	Services
152.	Yellow Wing Air Services Ltd	Switzerland	Services
153.	African Consulting Engineering	UK	Services
154.	Bacho United Printers	UK	Services
155.	Baumann(K)Ltd	UK	Services
156.	Booker Tate	UK	Services
157.	British Airways	UK	Services
158.	British Broadcasting Corporation	UK	Services
159.	Chancery	UK	Services
160.	Church Orr & Associates	UK	Services

161.	Commonwealth Development Cooperation	UK	Services
162.	DeLa Rue	UK	Services
163.	Deloitte & Touché	UK	Services
164.	Ernst &Young	UK	Services
165.	Inchcape Shipping Services	UK	Services
166.	Kenya Supply&Logistics	UK	Services
167.	Knight Frank	UK	Services
168.	KPMG Peat Marwick	UK	Services
169.	Mackenzie MaritmeLtd	UK	Services
170.	MinetICDCInsuranceBrokers	UK	Services
171.	Otis Elevators	UK	Services
172.	PricewaterhouseCoopers	UK	Services
173.	Rentokil Ltd	UK	Services
174.	Reuters	UK	Services
175.	RydenInternational	UK	Services
176.	Sir Isaac Pitman	UK	Services
177.	Thomas Cook Group Ltd	UK	Services
178.	Tibett&BrittenKenya	UK	Services
179.	Vodafone (Safaricom)	UK	Services
180.	Watson Wyatt Worldwide Actuaries	UK	Services
181.	WilkenCommunicationsLtd	UK	Services
182.	World Cargo	UK	Services
183.	DHL	USA	Services
184.	Philip Medical Systems	Netherlands	Trading
185.	Bayer East Africa Ltd	Germany	Trading
186.	Pfizer Laboratories Ltd	Germany	Trading
187.	Siemens	Germany	Trading
188.	CadilaPharmaceuticalsltd	India	Trading
189.	Lakshmi Textiles Exports ltd	India	Trading

190.	UBPharma ltd	India	Trading
191.	Chimaco East Africa (agents forEnichem)	Italy	Trading
192.	Fila East Africa	Italy	Trading
193.	FraminKenyaLtd(agents for Farmitalia)	Italy	Trading
194.	Pirelli Tyre	Italy	Trading
195.	Technogym	Italy	Trading
196.	Itochu Corporation	Japan	Trading
197.	Matsushita Electric Industrial	Japan	Trading
198.	Nec Corporation	Japan	Trading
199.	Sanyo Armco	Japan	Trading
200.	Hwan Sung Industries (Kenya)Ltd	Korea	Trading
201.	LG	Korea	Trading
202.	Samsung	Korea	Trading
203.	Ciba Geigy	Switzerland	Trading
204.	International Cementia	Switzerland	Trading
205.	Roche Products	Switzerland	Trading
206.	Blackwood Hodge	UK	Trading
207.	Dunlop Kenya	UK	Trading
208.	Elgon Chemicals Ltd	UK	Trading
209.	Gestetner	UK	Trading
210.	Silentnight	UK	Trading
211.	Sollatekelectronics	UK	Trading
212.	Stem cor Kenya	UK	Trading
213.	Firestone East Africa	USA	Trading

Source: Kenya Association of Manufacturers(2011).