CRITICAL SUCCESS FACTORS OF INTERNATIONALIZATION OF THE MAJOR BANKS IN KENYA

BY:

ALFRED KEGODE MUDAVADI DIRU

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

OCTOBER, 2013

DECLARATION

This Research Project is my original work and has not been submitted for examination in any other University.

Signed:…………………………………………… Date:……………………..

ALFRED KEGODE MUDAVADI DIRU

D61/73734/2009

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

Signed:……………………………………………… Date:……………………

DR. JOHN YABS

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

ACKNOWLEDGEMENT

I am grateful to God Almighty, maker of Heaven and earth through whom this study was possible.

I am greatly indebted to my supervisor, Dr. John Yabs for his guidance and encouragement.

My very special thanks goes to my wife Peggy and two sons, Ian and Silas, for their motivation, encouragement and finally to my Lecturer and friend Alex Jaleha, who actually pushed me to take up this course.

May God bless you all.

DEDICATION

This project is dedicated to my wife, Peggy, and two sons, Ian and Silas, who encouraged me to reach this far.

ABSTRACT

The objective of this study was to establish the critical success factors behind the internationalization of the major commercial banks in Kenya.

Noting that successful internationalization is not as a result of applying one given theory of internationalization or a given strategy, the study actually focused on certain critical factors that can be singled out for being important to the spread of Kenya's major commercial banks to Uganda, Tanzania, Southern Sudan, and Rwanda.

International business is different from national business because countries and societies are different. Societies differ because their cultures vary.

Doing business in different countries successfully requires adoption of different strategies and tactics by management.

There is an increasing trend of uncertainty facing the world's economy today. While external environment is beyond the control of organizations, they have to take a defining step in expanding their role in promoting external trade, grow and internationalize successfully. Restructuring and re-engineering are vital moves to positioning an organization and its business for success on the global playing field. This should be well timed given the new challenging phase in the world's economy – a drastic increase in competition brought about by technological advancements, rising shift in manufacturing resources to closer-to-market locations, change in the way entire supply chains operate, growth of services sector and most importantly, the increasing internationalization of business.

For successful internationalization, firms must be able to craft a competitive edge stemming from identification of critical success factors from its core competencies. Such critical factors include; Organizational Culture, Management Culture and Technology and Innovation.

The Kenya banking sector comprise of the Central Bank of Kenya, as the regulatory authority, 44 banking institutions, 4 representative offices of foreign banks, 6 Deposit taking Microfinance Institutions (DTMs), 118 Forex Bureaus and 2 Credit Reference Bureaus (CRBs). Out of the 44 banking institutions, 31 locally owned banks comprise 3 with public shareholding and 28 privately owned while 13 are foreign owned. The foreign owned financial institutions comprise of 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks.

The CBK uses a weighted composite index comprising assets, deposits, capital size, number of deposit accounts and loan accounts to classify banks into three peer groups. Based on the weighted composite index, a large bank has a market share of 5 percent and above; medium bank between 1 and 5 percent and a small bank has less than 1 percent of the market share. There are 6 large banks, 15 medium banks and 22 small banks.

Ten Kenyan banks have so far established branches in East African Community (EAC) countries and South Sudan. Kenyan banks have subsidiaries with 223 branches operating in the region.

The research discussed the impact on internationalization of Organizational culture, Management culture as well as Technology and Innovation as practiced by the major commercial banks in Kenya.

TABLE OF CONTENTS

Declaration i
Acknowledgement ii
Dedication iii
Abstract iv
List of tables viii
List of figures ix
Acronyms x
CHAPTER ONE:INTRODUCTION 1
1.1 Background of the Study 1
1.1.1 Internationalization Concept 1
1.1.2 Critical Success Factors and Internationalization 2
1.1.3 The Banking Industry in Kenya. 4
1.2 Research Problem 6
1.3 Objective of the Study 7
1.4 Value of the Study 7
CHAPTER TWO: LITERATURE REVIEW 9
2.1 Introduction. 9
2.2 Concept of internationalization 9
2.2.1 Stages approach 10
2.2.2 Economic approach 13
2.2.3 Networks approach 14
2.3 Critical success factors of Internationalization 16
2.3.1 Organizational culture 16
2.3.2 Management culture 17
2.3.3 Technology and Innovation 19
CHAPTER THREE;RESEARCH METHODOLOGY 22
3.1 Introduction 22
3.2 Research Design 22
3.3 Data Collection 22
3.4 Data Analysis 22

CHAPTER FOUR:DATA ANALYSIS,RESULTS AND DISCUSSION 25
4.1 Introduction.. 25
4.1.1: Gender of respondents 25
4.1.2: Position in the company... 26
4.1.3: Department... 27
4.1.4 Number of years served in organization 28
4.1.5 Age bracket of respondents.. 29
Table 4.2.0 Rate of Internationalization on years served in the Organization......................... 30
Table 4.2.2 Rate of internationalization on training duration.. 31
Table 4.2.4 Rate of internationalization on rotation of staff on foreign assignments......... 33
4.2.5 Rate of internationalization on importance of culture on foreign assignment........... 35
Table4.3.1 Rate of internationalization on organization of team building sessions 36
Table 4.3.2 Rate of internationalization on rate of team building sessions 38
Table 4.3.3Rate of internationalization on attendance of sessions by employees 40
Table 4.3.4 Rate of internationalization on understanding of more than three languages.. 42
Table 4.4.0 Rate of internationalization on importance of management culture while on foreign assignment 44
Table 4.5.Wether employees have computer literacy... 45
Table 4.5.1. Whether organization gives any form of recognition to innovative oriented staff 46
Table 4.5.2 Whether technology and innovation is important while employees are on foreign assignment 47
CHAPTER FIVE: SUMMARY,CONCLUSION AND RECOMMENDATIONS 48
5.0 Introduction.. 48
5.1 Conclusion 48
5.1.3 Suggested further research.. 50
REFERENCES.. 51
APPENDIX I: LETTER OF INTRODUCTION 55
APPENDIX II: INTERVIEW GUIDE 56
APPENDIX II: COMMERCIAL BANKS IN KENYA.. 59

LIST OF TABLES

T able 4.1.1 Departments

Table 4.1.2 Number of years served in the Organization

Table 4.1.3 Age bracket of respondent

Table 4.1.4 Highest level of Education

Table 4.1.5 Age of respondent vs number of years served in the organization

Table 4.2.0 Rate of Internationalization on years served in the organization

Table 4.2.1 Induction training given

Table 4.2.2 Rate of Internationalization on training duration

Table 4.2.3 Adequacy in training

Table 4.2.4 Rate of Internationalization on rotation of staff

Table 4.2.5 Rate of Internationalization on importance of Culture

Table 4.2.6 Importance of Culture

Table 4.3.1 Rate of Internationalization on team building sessions

Table 4.3.2 Rate of Internationalization on the number of team building sessions

Table 4.3.3 Rate of Internationalization on attendance of sessions

Table 4.3.4 Rate of Internationalization on understanding of more than three languages

Table 4.4.0 Rate of Internationalization on importance of Management culture

Table 4.5.0 Employees computer literacy

Table 4.5.1 Recognition to Technology and Innovation

Table 4.5.2 Importance of Technology and Innovation

LIST OF FIGURES

Figure 4.1 Gender of respondent

Figure 4.2 Position in the Organization

ACRONYMS

DTM	Deposit Taking Microfinance Institution
CRB	Credit Reference Bureau
CBK	Central Bank of Kenya
EAC	East African Community
TMC	Top Management Commitment
HRM	Human Resource Management
KCB	Kenya Commercial Bank
SME	Small and Medium Enterprises
MNC	Multi National Corporations
PLC	Product Life Cycle
SPSS	Statistical Package for Social Scientists

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The Kenya banking sector comprise of the Central Bank of Kenya, as the regulatory authority, 44 banking institutions, 4 representative offices of foreign banks, 6 Deposit taking Microfinance Institutions (DTMs), 118 Forex Bureaus and 2 Credit Reference Bureaus (CRBs). Out of the 44 banking institutions, 31 locally owned banks comprise 3 with public shareholding and 28 privately owned while 13 are foreign owned. The foreign owned financial institutions comprise of 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks.

The CBK uses a weighted composite index comprising assets, deposits, capital size, number of deposit accounts and loan accounts to classify banks into three peer groups. Based on the weighted composite index, a large bank has a market share of 5 percent and above; medium bank between 1 and 5 percent and a small bank has less than 1 percent of the market share. There are 6 large banks, 15 medium banks and 22 small banks.

Ten Kenyan banks have so far established branches in East African Community (EAC) countries and South Sudan. Kenyan banks have subsidiaries with 223 branches operating in the region.

1.1.1 Internationalization Concept

The process of Internationalization can be described as “the process of increasing involvement in international operations”. (Welch and Luostarinen, 1988). The process essentially involves the adaption of firm operations like strategy, structure, resources etc. to perfectly fit the international environments. Furthermore, the degree of internationalization can be measured as foreign sales relative to total sales. (Welch and Luostarinen, 1988).

The goal of the Internationalization process is to have a pronounced global presence in an attempt to keep abreast with their Competitors, to generate improved profitability and be known as a multinational; a sure sign of success and credibility. The process typically entails generalizing a product to counterbalance and efficiently expedite the subsequent localization process. The result is an improved quality product as well as reduced localization costs and time to market right.

Several theories have been postulated over the years to maintain and enhance the essence of the process of internationalization. According to the theories of the stage model; the process of internationalization may be successful if a specific prescribed path is followed. Strategic decisions that the firms have to face play a vital role in validating the above assumption.

The internationalization process is described as a gradual development taking place in distinct stages (Melin 1992). The process can be clearly identified under two-major schools:

The models initially developed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977), referred to as the Uppsala models (U-models); and The Innovation- Related Internationalization Models (I-models) conceptualized by Cavusgil (1980).

Both the I- model as well as the U-model emphasizes on firm's involvement in foreign market segments.

1.1.2 Critical Success Factors and Internationalization

There is an increasing trend of uncertainty facing the world's economy today. While external environment is beyond the control of organizations, they have to take a defining step in expanding their role in promoting external trade, grow and internationalize successfully. Restructuring and re-engineering are vital moves to positioning an organization and its business for success on the global playing field. This should be well timed given the new challenging phase in the world's economy – a drastic increase in competition brought about by technological advancements, rising shift in manufacturing resources to closer-to-market locations, change in the way entire supply chains operate, growth of services sector and most importantly, the increasing internationalization of business.

For successful internationalization, firms must be able to craft a competitive edge stemming from identification of critical success factors from its core competencies. Such critical factors include; Organizational Culture, Management Culture and Technology and Innovation.

Organizational Culture: Indigenous rights are observed across the banking sector with commercial banks respecting the cultures, customs and values of the people in the communities where they operate and take into account their needs, concerns and aspirations. They have also adopted a zero tolerance stance to all forms of corruption, bribery and unethical business at the workplace. Banks respect customer confidentiality in all their dealings. Stringent policies and procedures that have been put in place ensure that all customer information is not available to the public.

Management Culture: Joshua and Koshi (2005) found that the success of organizations largely depends on quality performance and operational performance. Service quality of new generation banks in terms of reliability, empathy and price is better than old generation banks. Managers of the service industry are concerned with improving the effectiveness and competitiveness in the market through various techniques. Saravanan and Rao (2007) found out that customer satisfaction and employee focus are influenced by 10 dimensions and there is a general opinion that the successful firm can yield a return on investment within three years. Management commitment is necessary for bringing an entire change in the organization culture.

Technology and Innovation: Bennett and Higgins (1988) stated that in the banking sector, the competitive edge is exclusively derived from the quality of services. So organizations adopted TQS approach to achieve business excellence, satisfy the demands of internal and external customers, maintain a healthy and competitive workforce, provide infrastructure and deploy technology and innovation. Thus to create of services in the banking sector, organizations need to be committed to TQS approach, which entails a redefinition of management relationship with customers, relationship between management and employees and restructuring of the organization structure. Sureshchandar et al (2002) examined the influence of total quality dimensions on customer perceived service quality. However due to the limited information in the possession of customers, certain aspects of service quality cannot be adequately replied by them, namelytop management commitment (TMC), human resource management (HRM), benchmarking, employee satisfaction, technical and information systems. For improving service quality efforts like proper training to employees, proper feedback to customers, individual attention, etc, should be devoted to improve the communication system as well as proper feedback, which meet the needs and expectations of customers.

1.1.3 The Banking Industry in Kenya.

Despite the political violence at the beginning of 2008, Kenya's banking system remained stable through June 2008. The overall performance of the banking sector was rated 'strong' an improvement from the 'satisfactory' rating attained during the same period in 2007. Total assets in the banking sector stood at Ksh 978 billion (USD 1.3 billion) by December 2007, while total liabilities were Ksh 845 billion. Combined sector core capital increased tremendously from Ksh 99 billion in 2006 to Ksh 188 billion on the back of sector wide earnings retentions, a couple of rights issues, the massive private equity injection into Equity Bank.

The Kenyan banking sector is densely populated with 45 commercial banks (in addition to two mortgage finance companies, and 105 forex bureaus), but at the same time highly concentrated with eight of the 45 banks controlling 70% of the sector in all aspects. The Central Bank of Kenya ranked Equity bank, Citibank, Sandard Chartered, I & M bank and Barclays bank as the top 5 Tier banks in Kenya.Administrative expenses have controlled the majority of total spending for banks over the past 5 years. This has been attributed to the searing pace of expansion, growth, modernization and strategy overhaul of major banks.The Kenyan banking sector has recently seen the entry of several African foreign banks that would pose a threat to Equity's market base, specifically Ecobank of Nigeria and CFC Stanbic of South Africa.

The CBK uses a weighted composite index comprising assets, deposits, capital size, number of deposit accounts and loan accounts to classify banks into three peer groups. Based on the weighted composite index, a large bank has a market share of 5 percent and above; medium bank between 1 and 5 percent; and a small bank below 1 percent of the market share. There are 6 large banks which account for 54 percent of the total net assets; 15 medium banks which account for 36 percent of the total net assets and 22 small banks accounting for 10 percent of the total net assets. To date, there are 10 Kenyan banks with subsidiaries operating in the East African Community Partner States and South Sudan. These banks comprise; Kenya Commercial bank, Diamond Trust Bank Kenya, Commercial Bank of Africa, Bank of Africa, Fina Bank, Equity Bank, I&M Bank, Imperial Bank, African Banking Corporation and NIC Bank.

1.2 Research Problem

The banking industry in Kenya and indeed the East African region is characterized by high level of competition caused by abrupt changes in customer need for innovative products and services and high level of customer awareness in a fast changing technological environment. This together with the unpredictable political environment calls for diversification and innovation as well as capitalizing on core competencies in order to maintain a competitive advantage.

A number of studies have been done on various aspects of Internationalization in different firms in Kenya.

Murigi (2006) found out that most of the strategies adopted depended mostly on the strengths of the firm. He also found out that opportunities in the host country also attract firms to establish subsidiaries in the country.

Musa (2004) carried out a case study on KCB with emphasis on how the bank has tried to widen its network through expansion strategies within and outside Kenyan borders in order to reach more customers. Elizabeth N. Mulwa (2009) carried out a case study on factors that have motivated Equity Bank to move operations across borders in Uganda, Tanzania and Sudan. She established that the motivating factor was Acquisition. However this strategy may apply to Uganda, but not necessarily to the other countries. No single strategy can be applied uniformly across multiple subsidiaries and yield similar success levels.

Muia Benard (2009) carried out a study on critical success factors as a strategy of enhancing corporate performance of Equity Bank. Business environments differ from country to country and factors considered critical to business success in one country may not apply in the same manner to another country.

To date 10 Kenyan banks have established branches in EAC countries and South Sudan. The Kenyan banks have subsidiaries with 223 branches operating in the region. An analysis of the performance of the banks based on number of branches, number of employees, assets, loans, deposits and profits also reveal that the subsidiaries have a total of 3,760 employees; total assets stand at Kshs. 195.6 billion; gross loans of the subsidiaries are worth Kshs. 89.4 billion; gross deposits are worth Kshs. 152.5 billion; while registered profit before tax stands at Kshs. 2.3 billion.

The research question then is ‘what are the critical success factors of Internationalization of the major banks in Kenya’?

1.3 Objective of the Study

i). to determine the critical success factors behind the Internationalization of Kenyan banks.

ii). to establish the role played by Culture in the Internationalization of Kenyan banks.

1.4 Value of the Study

The result of this study will help banking institutions to appreciate their competencies that make up their critical success factors. The banks will then be able to know where to direct their resources with a view of sustaining and advancing their competitive edge.

The study will also help other financial institutions to harness their competencies in formulating appropriate strategies of Internationalization that best apply to their situations.

To academicians, the study will provide more opportunity for further research since it will contribute to the development of Literature on the reasons how firms carry out successful Internationalization.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.

This chapter looks at the literature on the critical success factors that have led to the successful internationalization of the major banks in Kenya.

A review of the concept of Internationalization is discussed. Three approaches to internationalization namely, the stages approach, the economic approach and the networks approach are discussed in detail. At the end of the chapter we look at the specific critical success factors behind the successful internationalization of the major banks in Kenya, namely Organizational culture; Management Culture; Technology and Innovation.

2.2 Concept of internationalization

Internationalization is the process of increasing involvement in international operations across borders (Welch and Loustarinen, 1988) and it comprises both changed perspectives and changed positions. Thus internationalization is a major dimension of the ongoing strategy process of most business firms. The strategy process determines the ongoing development and change in the international firm in terms of scope business idea, action orientation, organizing principles, nature of managerial work, dominating values and converging norms.

In a survey of academic researchers in strategic management, Lyles (1990) argued that the internationalization theme regarding global competition was viewed as the coming decade’s most important area of strategic management research.

Firms tend to internationalize for several reasons; too small home market, external initiatives to spread the product, built into the business concept, for personal reasons, out of coincidence etc. For a more thorough discussion on the matter of reasons for internationalization we refer to Mattson & Hertz, (1988).

Choice of market is usually done after thorough market research; these days a more simple task than it was some years ago, most numbers and facts about markets and countries are easily obtainable through the Internet or specialized research companies.

To sum up, most authors (Kotler 1991& ,Malhotra 1999) conclude that the choice of market should be influenced by the following factors; size of market, customer buying power, consumer preferences in the specific country and entry barriers.

Other issues that might be of importance depending on where in the world the market entry will take place are based on cultural and language differences as well as political stability.

The existence of a working technical and distribution infrastructure can for most companies also be important aspects. When it comes to strategy for the international expansion it is usually the mode of entry that attracts the most interest and resources from the planning.

2.2.1 Stages approach

The stage models converge on the idea that internationalization is a linear and sequential process composed of whole of stages ‘chain of establishment’ (Coviello and McAuley, 1999).

The researchers distinguish two ways from analysis of internationalization in this approach: the Uppsala model (Johanson and Vahlne, 1977) and the innovation-related internationalization model (Bilkey and Tesar, 1977; Cavusgil, 1980; Czintota, 1982; Reid, 1981).

However, many researchers (Boutary,2006; Etrillard, 2004; Gankema et *al*., 2000; Pope, 2002; Torres, 2004) carry to the need of reviewing the general range of these models (Axinn and Metthyssens, 2002).

The Uppsala model was developed initially by the Sweddish school of Johanson, Wiedershiem-Paul and Vahlne (1975 & 1977). We can retain two principal concepts of their contributions: learning process and psychological distance.

Analyzing internationalization as a process of gradual learning, this model places the experience gained gradually as the key of this internationalization (Johanson and Vahlne, 1977).

Thus, by integrating knowledge drawn from this experience on the foreign markets, the company feeds its decision-making process. Internationalization then becomes the result of a series of incremental decisions.

These authors note, according to their studies of the Swedish firms, that they follow a sequential process made up of four stages: activities of irregular and opportunist exports; export via an independent agent; establishment of subsidiaries of sale; and production in the foreign country.

The second principal contribution of this model relates to the psychological distance. It refers to the whole of the cultural and linguistic differences having an influence on the information flow and the decision-making in the international transactions. Indeed, Johanson and Vahlne (1977) use this concept to explain that as the international experience increases, the psychological distance which separates SME from the new foreign territories, reduces.

This reduction in the psychological distance favourites a wider progression and a more complete use of the opportunities offered by the various known countries.

The model of innovation (I-model) defines internationalization as a process whose stages can be similar with those adoption a product new (Rogers, 1962, cited in Gankema, et al., 2000; Gemser et al., 2004; Li et al., 2004). Indeed, a certain number of authors retained this vision to describe the internationalization of SME. The most known models are those of Bilkey and Tesar (1977), Cavusgil (1980) and Reid (1981). All these models consider that each stage to be crossed constitutes an innovation for the company (Gankema et al., 2000; Gemser et al., 2004; Li et al., 2004). Differences are being located in the choice of the stages, their number and in the initiating mechanism of internationalization of SME.

Leonidou and Katsikeas (1996) suggested that the stages of the various models falling under this approach can be summarized with three phases:

First, Pre-engagement: firms interesting only by the national market; firms seriously planning to export; firms having already exported but do not do it anymore.

Second, the initial phase: firms implying in an irregular way in export while having the potential to extend their activities abroad.

Third, the advanced phase: firms exporting regularly with an experience extended abroad; firms considering of other forms of engagement to the international one.

However, it's important to note that the models related to this vision remain very close to the Uppsala model of which they preserve the two broad principles: gradual implication of the firms and existence of the psychological distance overcome by the experience obtained from the foreign markets.

2.2.2 Economic approach

A second approach of explanation of the international development finds its origin in studies of authors whose contributions can be attached to those in economic sciences. Khayat (2004) points out some work of authors whose contributions can be attached to this approach:

Penrose (1959) advanced that the indivisibility of the productive resources explained their chronic under use what could encourage the firms to extend their market abroad. Montgomery and Wernefelt (1991) completed this analysis and noted that certain resources are specific and can be employed only for certain activities.

Conversely, certain resources of a firm can be critical and influence its growth and the markets which it can penetrate: the lack of resources financial, physical, the lack of opportunities and the insufficiency of the managerial capabilities can limit the international activity of SME (Penrose, 1959; Madhok, 1997).

Most recently, Ruzzier et al., (2006) summarize the principal theoretical currents advanced in the economic approach. They identify:

The theory of internalization according to which the companies can extend their activities to international levels within operations of vertical integration (Buckley and Casson, 1993; 1995);

The transactions costs theory: internationalization, in particular its forms, is seen like the result of a choice made by the company between the internalization and the externalization of the activities. This theory constitutes a prolongation of the theory of the internalization and was developed by Williamson (1975);

The eclectic paradigm (OLI) (Dunning, 1988; 2000) is based on the internalization theory; it stresses three types of advantages to explain internationalization:

First, Ownership advantages which are specific to the company and related to the accumulation of intangible assets (technological capacities, experience, etc.);

Second, Location advantages referring to the institutional and productive factors IIIa geographical area;

And third, Internalization advantages stemming from capacities of the company to manage and coordinate activities internally.

2.2.3 Networks approach

This approach was developed from work of the Uppsala's school. Indeed, Johanson and Vahlne (1990) re-examined their previous model (1977) to propose the importance of the position of the firm in its network. They use the concepts used in their original model and try to explain the motivations and behaviors of internationalization while placing the firm within a multilateral framework mobilizing the relations intra and inter organizational.

Consequently, internationalization is defined like a network developing through the commercial operations carried out with other countries via the three stages defined by Johanson and Mattson (1988): prolongation, penetration, and integration.

Prolongation is the first step started by the firms to integrate the network. It is accompanied by new investments for the firm.

The penetration refers to the development of the positions of the company within the network and the increase of its resources of engagement.

Integration constitutes an advanced stage where the firm is related to several national networks which it must coordinate.

The establishment of financial, technological and commercial relations with the other actors of the network makes it possible to the firms to extend their connections and to gradually widen their activities apart from their own territory until becoming international.

These relations involve the firm in deliberated but not planned international relations (Johanson and Mattson, 1988; Johanson and Vahlne, 1990).

Thus, Johanson and Mattson (1988) conceive internationalization as a cumulative process in which the relations are established, developed and maintained continuously in order to attain the objectives of the firm. For the authors, a company can be considered as international because other companies of its network are international. In their model, the progressive learning and the acquisition of knowledge through the interactions inside the network take a great importance.

Other authors (Gemser et al., 2004; Coviello and Munro, 1997) added that internationalization can emerge following behaviours influenced by a multitude of social relations and networks of contacts in the process of internationalization. Gemser et al., (2004) for example, distinguish between two possible forms from internationalization: "go it alone" or cooperation. They pointed out the presence and the importance of the networks in the two forms.

The network approach offers a new perspective for interpretation of the process of internationalization of the firm, particularly when they are the small firms whose membership of the networks is a fundamental element to be able to develop taking into count its limited resources.

2.3 Critical success factors of Internationalization

This section focuses in detail, on the specific critical success factors that have led to the successful internationalization of the major commercial banks in Kenya.

2.3.1 Organizational culture

Organizational culture is defined as shared beliefs, values, and assumptions that exist in an organization. Organizational culture is a micro-culture of a national/macro culture. Every organization has a distinctive psychological and even physical space that it occupies in a society or macro culture. Deal and Kennedy (1982) view culture as the dominant values espoused by an organization that state 'how we do things around here.'

Organization culture is the DNA of an organization, not always visible, but it controls the form and function of what the organization ends up being. Organization's culture affects the employees, suppliers, and customer behavior, as well as community relationships.

The organizations culture has a powerful impact on the member's morale and productivity. It influences the organization's image and communicates this to its public. Also organizations culture is influenced by leadership practices, norms and standards, rules and regulations, attitudes and principles, ethics and values, policies and practices, structures and technologies, artifacts and services, roles and relationships.

To facilitate these activities, cultural mandates or traditions are established concerning dress codes, work hours, work space and facilities, tools and equipment, communication procedures and special language, rewards and recognitions, as well as other personnel provisions.

The resulting cultural behavior and activities are manifested in the outputs, such as products, services, personnel or public information. Most MNCs have a cultural strategic predisposition toward doing things in a particular way.

Four distinct predispositions have been identified: ethnocentric, polycentric, regiocentric, and geocentric.

Ethnocentric Predisposition: A nationalistic philosophy of management whereby the values and interests of the parent company guide strategic decisions.

Polycentric predisposition: A philosophy of management whereby strategic decisions are tailored to suit the cultures of the countries where the MNC operates.

Regiocentric predisposition: A philosophy of management whereby the firm tries to blend its own interests with those of its subsidiaries on a regional basis.

Geocentric predisposition: A philosophy of management whereby the company tries to integrate a global systems approach to decision making.

Globalization imperative: A belief that one worldwide approach to doing business is key to both efficiency and effectiveness.

2.3.2 Management culture.

As MNCs become more transnational, their strategies must address the cultural similarities and differences in their varied markets.

There are many ways of examining cultural differences and their impact on international management. Culture can affect technology transfer, managerial attitudes, managerial ideology, and even business-government relations. Culture affects a host of business-related activities, even including the common handshake. In overall terms, the cultural impact on international management is reflected by basic beliefs and behaviors.

Here are some specific examples where the culture of a society can directly affect management approaches:

Centralized vs. decentralized decision making. In some societies, top managers make all important organizational decisions. In others, these decisions are diffused throughout the enterprise, and middle and lower-level managers actively participate in, and make, key decisions.

Safety vs. risk. In some societies, organizational decision makers are risk- averse and have great difficulty with conditions of uncertainty. In others, risk taking is encouraged, and decision making under uncertainty is common.

Individual vs. group rewards. In some countries, personnel who do outstanding work are given individual rewards in the form of bonuses and commissions. In others, cultural norms require group rewards, and individual rewards are frowned on.

Informal vs. formal procedures**.** In some societies, much is accomplished through informal means. In others, formal procedures are set forth and followed rigidly.

High vs. low organizational loyalty. In some societies, people identify very strongly with their organization or employer. In others, people identify with their occupational group, such as engineer or mechanic.

Cooperation vs. competition**.** Some societies encourage cooperation between their people. Others encourage competition between their people.

Short-term vs. long-term horizons**.** Some cultures focus most heavily on short- term horizons, such as short-range goals of profit and efficiency. Others are more interested in long-range goals, such as market share and technological development.

Stability vs. innovation. The culture of some countries encourages stability and resistance to change. The culture of others puts high value on innovation and change.
These cultural differences influence the way that international management should be conducted. The nearby International Management in Action, “Business Customs in South Africa,” provides some examples from a country where many international managers are unfamiliar with day-to-day business protocol.

2.3.3 Technology and Innovation

Innovativeness refers to the firm’s capacity to generate new ideas, products and services for foreign markets and its determination to develop creative solution to challenges it faces. Increasing global competition and speed in development of new technologies has shortened product life cycles and innovation intensity (Karisen 2007).

Shortening of Product Life Cycle (PLC) create need of large R&D cost and at same time it reduce the time where returns on investment in product development can be earned back and increase the market dimension where to share the costs. Moreover, short PLC request high innovativeness rate to launch new product versions to cover the decline of original one (Karisen 2007). The innovation rate is related to globalization rate, and we can state that born global company should develop new product or process at high rate to be successful in global markets.

Several Born Global researchers have analyzed the relation between innovation and global start-ups.

In Freeman et al (2006) innovativeness, together with proactive and risk taking are part of the organizational culture that make the start up a successful born global firm. In Laanti et al (2006) the main innovation is often developed before the establishment of the company and is the reason for the born of the company. Moreover, innovation is always related to the founder of the company and their experience, emphasizing the importance of entrepreneurship, including innovativeness, for the competitive advantage of international small enterprises (Jones e Coviello 2005).

Knight and Cavusgil (2004) sustain that innovation results from internal R&D and imitation of innovations of other firms. Innovation is regarding new development in product and process, but also on the approach of the company to foreign markets. "Firm's innovative culture, combined with appropriate accumulated knowledge stocks, engenders the development or improvement of products and new methods of doing business. This same innovation culture also should facilitate the acquisition of knowledge, leading to capabilities that drive organizational performance."

The two authors suggest that due to their characteristics born global company are entrepreneurial and innovative firms that possess innovation culture.
During their analysis they find some kind of capabilities related to technological innovation. First, Global Technological Competencies refers to "the creation of superior products and the improvement of existing products, as well as greater effectiveness and efficiency in production processes."

Innovation in all this stage can help to reach low cost, small scale manufacturing that enable the global start-up to serve customers with specialized needs in different market niches worldwide. Overall innovativeness can be considered a critical characteristic that drive the entrepreneur in competitive international markets.

Second capabilities, Unique Products Development reflect the creation of distinctive products to build customer loyalty by meeting particular needs (Knight and Cavusgil 2004). The strategy is focusing on features' product innovation, customer service improvement or radical innovation that distinguishes the company's product from competitors in the market.

The third capabilities, Quality focus is regarding "efforts to develop products that meet or exceed market or customer expectations with respect to features and performance". Quality can reduce reworks or production remake or service cost, while can increase value, market share and profits in born global company with superior performance.

The importance of the capabilities mentioned above is giving "evidence that all activities related to innovation, R&D, knowledge development and capabilities leveraging play important roles in positioning born global for international success" (Knight and Cavusgil 2004).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter illustrates the methodology used to conduct this in order to achieve the study objectives. The chapter explains the research design adopted in the study and the target population. It explains the sampling procedures used in the study, research instruments, data collection and analysis procedures. .

3.2 Research Design

The research design was a cross sectional survey and the sample size was the ten top commercial banks ranked on customer base. In a cross-sectional survey data are collected at one point in time to describe and / or explain something at that time.

Cross-sectional study describes the time frame in which the study is conducted. It is typically less expensive to conduct because subjects do not have to be tracked over time as in Longitudinal study. Also this type of analysis does not suffer from participant attrition. Another advantage of cross-sectional study is that data analysis can commence immediately after collection has concluded. (Ary, Jacobs, Razavieh, & Sorense,1997).The collected data was quantitative and qualitative in nature. The data was also classified according to ordinal and nominal characteristics.

3.3 Data Collection

The study will use questionnaires designed using open and closed ended questions. A questionnaire is a research tool composed of set questions for the purpose of gathering information from respondents (Mugenda and Mugenda, 2003). The researcher will use a questionnaire because the responses are gathered in a standardized way and are more objective compared to other tools of data collection. It is also relatively quick to collect information using a questionnaire. Additionally, potential information can be collected from a large portion of a group. The questionnaires will be self-administered. Three categories of questionnaires will be employed targeting different groups of respondents

3.4 Data Analysis

The data obtained from the interview guide was analyzed using Regression analysis method by use of a Statistical Package for Social Scientists (SPSS) software. Regression analysis is the study of relationship between variables. Regression can be used to understand how the world operates, and it can be used for prediction. In every regression study there is a single variable that we are trying to explain or predict, called the dependant variable, or response variable or the target variable. To help explain or predict the dependant variable we use one or more explanatory variables also called independent variables or predictor variables. If there is a single explanatory variable, the analysis is called Simple regression. If there are several explanatory variables, the analysis is called multiple regression (Perl,2008)

3.5 Instrument Validity

Validity is the accuracy and meaningfulness of inferences which are based on the research results. Gomm (2008) states that validity for an instrument is about whether it gives accurate measures about what it purports to be measuring. The piloted questionnaires will be assessed for clarity and those items found to be inadequate or vague will be modified to improve the quality of the research instrument thus increasing the face validity. According to Borg and

Gall(1989), validity of an instrument is improved through expert judgments. As such, the researcher will seek assistance from her supervisors, to help improve validity of the instrument.

3.6 Instrument reliability

According to Best and Khan (1980) a test is reliable to the extent that it measures what it purports to measure consistently. Reliability refers to precision, consistency and the accuracy of the research instrument yielding consistent results or data after repeated trials. A test- retest will be done to confirm instrument reliability.

CHAPTER FOUR

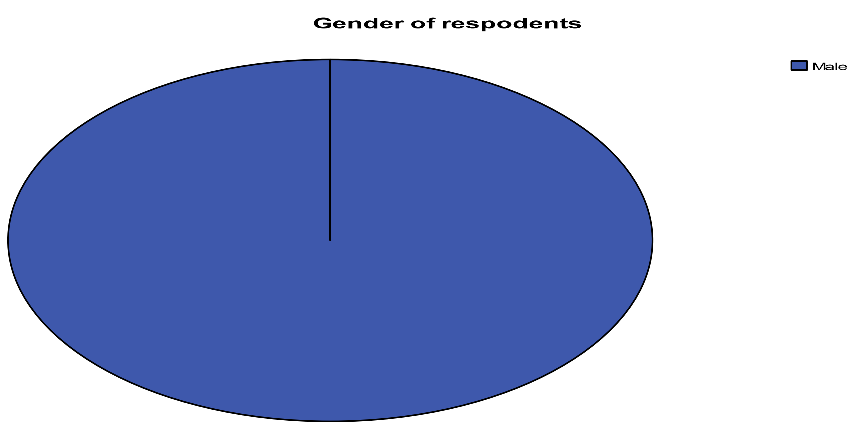
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis of data obtained from the respondents in the survey carried out in ten top commercial banks ranked on customer base to determine the critical success factors behind the Internationalization of the major banks in Kenya.

4.1.1: Gender of respondents

Figure 4.1 Gender of the respondents

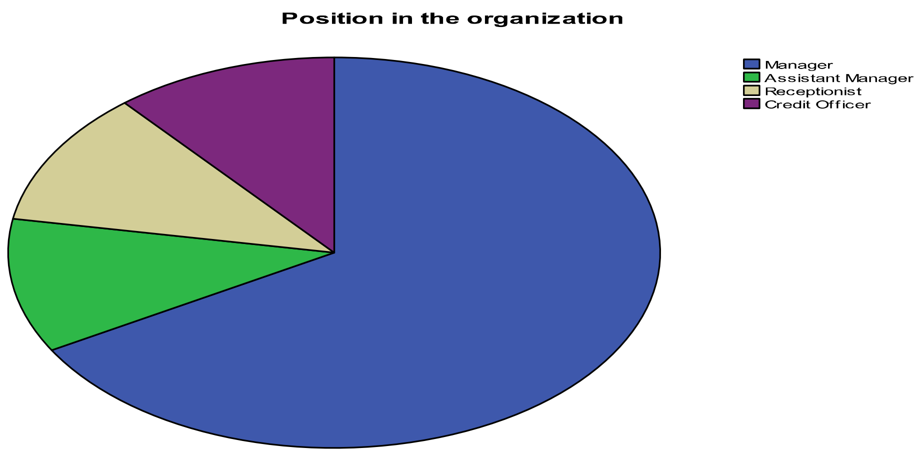


(The Researcher, 2013)

As shown in Figure 4.1 above, 100% respondents in this study were male employees. This implies the male employees in banks have more internalization opportunities of Compared to their female counterparts.

4.1.2: Position in the company

Figure 4.2 Position in the company



(The Researcher, 2013)

As indicated in Figure 4.2, the highest respondents were managers and the other positions were evenly distributed. It suggests that managers had the highest opportunity in working in international arena, it thus implies that internationalization in organisation does not take into consideration even opportunities for all employees.

4.1.3: Department

Table 4.1.1 Department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	1	11.1	11.1	11.1
	IT	1	11.1	11.1	22.2
	Operations	1	11.1	11.1	33.3
	Corporate banking	1	11.1	11.1	44.4
	Credit	4	44.4	44.4	88.9
	Research	1	11.1	11.1	100.0
	Total	9	100.0	100.0	

(The Researcher, 2013)

As shown in Table 4.1.1 above, employees from the credit department were highest at 44.4 % and the of departments were evenly distributed at 11.1%.These results imply that though there is internationalization in the organisation, more focus is given to the credit department.

4.1.4 Number of years served in organization

Table 4.1.2 Number of years served in organization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	16-20 Yrs	1	11.1	11.1	11.1
	11-15 Yrs	1	11.1	11.1	22.2
	6-10 Yrs	5	55.6	55.6	77.8
	1-5 Yrs	2	22.2	22.2	100.0
	Total	9	100.0	100.0	

(The Researcher, 2013)

As depicted in Table 4.1.2,majority of the employees (55.6%) had worked with the organizations for 6-10 years, 22.2% had worked for 1-5 years, another 11.1% had worked for 11-15 and 16-20 years respectively. These results imply that the employees who have worked from 6-10 years are more likely to have experienced international working experience in their banks

4.1.5 Age bracket of respondents

(The Researcher, 2013)

4.1.6 Highest level of education

Table 4.1.4 The highest level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	9	100.0	100.0	100.0

(The Researcher, 2013)

As depicted in Figure 4.1.4, 100% of the respondents had degrees. This implies they have appropriate education for international assignments.

ANOVA[b]

Table 4.1.5 Age of respondents' vs number of years served in organization

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.459	1	.459	1.037	.342[a]
	Residual	3.097	7	.442		
	Total	3.556	8			

(The Researcher, 2013)

a. Predictors: (Constant), Number of years in organization

b. Dependent Variable: Age bracket

As observed in Table 4.1.5 above, it shows sig value of 0.342, this implies that there is statistically significant difference between bracket of respondents and the years served in organization

4.2.0 Rate of Internationalization on organization culture

ANOVA[B]

Table 4.2.0 Rate of Internationalization on years served in the Organization

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.000	1	8.000	9.333	.018[a]
	Residual	6.000	7	.857		
	Total	14.000	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Induction training given

Table 4.2.1 Induction Training given

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.000	1.134		5.292	.001
	Worked outside Kenya	-2.000	.655	-.756	-3.055	.018

(The Researcher, 2013

a. Dependent Variable: Induction training given

The above tables depict that there is significant difference between the employee's induction training and their working outside Kenya. The significant value being 0.018

Table 4.2.2 Rate of internationalization on training duration

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.722	1	2.722	1.285	.294[a]
	Residual	14.833	7	2.119		
	Total	17.556	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.722	1	2.722	1.285	.294[a]
	Residual	14.833	7	2.119		
	Total	17.556	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Whether training takes adequate duration

Table 4.2.3 Adequacy in training

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.167	1.783		2.898	.023
	Worked outside Kenya	-1.167	1.029	-.394	-1.133	.294

(The Researcher, 2013)

a. Dependent Variable: Whether training takes adequate duration

As observed in Table 4.2.3 above, it shows a sig 0.294, this implies that there is statistically significant difference between rate of internationalization and adequacy of training .With adequate training, internationalization is enhanced since the employees competence in working in foreign arena is enhanced.

Table 4.2.4 Rate of internationalization on rotation of staff on foreign assignments

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.389	1	1.389	.845	.388[a]
	Residual	11.500	7	1.643		
	Total	12.889	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Rotation of staff on foreign assignments

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.500	1.570		.956	.371
	Worked outside Kenya	.833	.906	.328	.919	.388

(The Researcher, 2013)

a. Dependent Variable: Rotation of staff on foreign assignments

As shown in Table 4.2.4 above, the sig value is 0.388, meaning there is statistically significant difference between rate of internationalization and rotation of staff on foreign assignments. The results thus imply that the rotation of staff brings uniformity in foreign assignments and conversely enhances internationalization.

4.2.5 Rate of internationalization on importance of culture on foreign assignment

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.389	1	1.389	.720	.424[a]
	Residual	13.500	7	1.929		
	Total	14.889	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Importance of org culture

Table 4.2.6 Importance of Culture

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.500	1.701		.294	.777
	Worked outside Kenya	.833	.982	.305	.849	.424

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.500	1.701		.294	.777
	Worked outside Kenya	.833	.982	.305	.849	.424

(The Researcher, 2013)

a. Dependent Variable: Importance of org culture

As shown in Table 4.2.6 above, the sig value is 0.777meaning there is no statistically significant difference between rate of internationalization and importance of organizational culture

Table4.3.1 Rate of internationalization on organization of team building sessions

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.500	1	4.500	3.316	.111[a]
	Residual	9.500	7	1.357		
	Total	14.000	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.500	1	4.500	3.316	.111[a]
	Residual	9.500	7	1.357		
	Total	14.000	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Team building sessions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.833	1.427		4.088	.005
	Worked outside Kenya	-1.500	.824	-.567	-1.821	.111

(The Researcher, 2013)

a. Dependent Variable: Team building sessions

As shown in Table 4.3.1 above, the sig value is 0.005 meaning there is significant difference between rate of internationalization and team building sessions. Team building brings cohesion among employees and thus enhances internationalization.

Table 4.3.2 Rate of internationalization on rate of team building sessions

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.500	1	4.500	5.727	.048[a]
	Residual	5.500	7	.786		
	Total	10.000	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Rate of team building sessions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.167	1.086		5.680	.001
	Worked outside Kenya	-1.500	.627	-.671	-2.393	.048

(The Researcher, 2013

a. Dependent Variable: Rate of team building sessions

As shown in Table 4.3.2 above, the sig value is 0.048 meaning there is statistically significant difference between working outside Kenya and rate of team building session

Table 4.3.3Rate of internationalization on attendance of sessions by employees

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.889	1	.889	.424	.536[a]
	Residual	14.667	7	2.095		
	Total	15.556	8			

(The Researcher, 2013)

. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Attendance of team building sessions

As shown in Table 4.3.3 above, the sig value is 0.0536 meaning there is no statistically significant difference between rate of internationalization and attendance of training sessions

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	4.333	1.773		2.444	.044
	Worked outside Kenya	-.667	1.024	-.239	-.651	.536

(The Researcher, 2013)

a. Dependent Variable: Attendance of training sessions

Table 4.3.4 Rate of internationalization on understanding of more than three languages

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.056	1	.056	.038	.850[a]
	Residual	10.167	7	1.452		
	Total	10.222	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Languages spoken

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.167	1.476		2.145	.069
	Worked outside Kenya	.167	.852	.074	.196	.850

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.167	1.476		2.145	.069
	Worked outside Kenya	.167	.852	.074	.196	.850

(The Researcher, 2013)

a. Dependent Variable: Languages spoken

As shown in Table 4.3.4 above, the sig value is 0.850 meaning there is no statistically significant difference between rate of internationalization and knowledge of more than one language. Where the employees in an organization have skills in more than three international language, internationalization is enhanced.

Table 4.4.0 Rate of internationalization on importance of management culture while on foreign assignment

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.889	1	.889	.424	.536[a]
	Residual	14.667	7	2.095		
	Total	15.556	8			

(The Researcher, 2013)

a. Predictors: (Constant), Worked outside Kenya

b. Dependent Variable: Importance of Management culture

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.667	1.773		.940	.378
	Worked outside Kenya	.667	1.024	.239	.651	.536

(The Researcher, 2013)

a. Dependent Variable: Importance of Management culture

As shown in Table 4.4.0 above, the sig value is 0.536 implying there is no statistically significant difference between rate of internationalization and importance of management culture. Thus management culture is very key in internationalization. Culture includes issues like the organizational philosophy, organization chronicles, open communications, core values ,celebrations ,internal networking and commitment to learning.

Table 4.5.Wether employees have computer literacy

Response	Frequency	Percent (%)
Yes	**9**	100
No	**-**	-
Total	9	100

(The Researcher, 2013)

As indicated in the table above, all the respondents were computer literate. It thus implies that computer literacy has enhanced the rate of internationalization. Computer knowledge enhances information transfer and ability of the employees to work in a global platform.

Table 4.5.1. Whether organization gives any form of recognition to innovative oriented staff

Response	**Frequency**	**Percent (%)**
Yes	**9**	100
No	**-**	-
Total	9	100

(The Researcher, 2013)

The table above indicates that innovative oriented staff are given recognition. This is deduced from the 100% affirmative response. Recognition for innovations is thus critical factor enhancing internationalization. The results suggest that an organization that is looking into internationalization must be innovative and an important way of enhancing innovation is the recognition of employees.

Table 4.5.2 Whether technology and innovation is important while employees are on foreign assignment

Response	Frequency	Percent (%)
Yes	**9**	100
No	**-**	-
Total	9	100

(The Researcher, 2013)

All the respondents said that technology and innovation was important in enhancing internationalization .The result thus implies that technology is a very critical aspect of internationalization ,and inseparable from efforts to internationalize an organization.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this chapter, the researcher makes summary of the major findings and conclusion. The chapter also gives recommendations and suggestions for further research.

5.1 Conclusion

The study revealed statistically significant difference between bracket of respondents and the years served in organization ,the sig value was 0.342.The study shows that there is significant difference between the employees induction training and their working outside Kenya. The significant value being 0.018. Moreover it was found out that there is statistically significant difference between rate of internationalization and adequacy of training

On the Rate of internationalization on rotation of staff on foreign assignments ,it was found that the sig value is 0.388,meaning there is no statistically significant difference between rate of internationalization and rotation of staff on foreign assignments. The study also investigated the relation between the rate of internationalization on importance of culture on foreign assignment. The sig value was 0.777 implying there was no statistically significant difference between rate of internationalization and importance of organizational culture

The study also examined the relation between the rate of Internationalization on Management Culture beginning with the rate of internationalization on organization of team building sessions the sig value was 0.005 meaning there is significant difference between rate of internationalization and team building sessions.

Secondly, the study examined the rate of internationalization on rate of team building sessions. The sig value was 0.048 suggesting there is statistically significant difference between working outside Kenya and rate of team building sessions. On Rate of internationalization on attendance of sessions by employees, the study found out that there is no statistically significant difference between rate of internationalization and attendance of training sessions, the significant value was 0.0536.

The study also examined the rate of internationalization on understanding of more than three languages; it was found no statistically significant difference between rate of internationalization and knowledge of more than one language. On rate of internationalization on importance of management culture while on foreign assignment, the study found no statistically significant difference between rate of internationalization and importance of management culture, the sig value was 0.536

The study further sought to predict the relationship of rate of internationalization on technology and innovation; it revealed that all the respondents were computer literate ,implying that computer literacy has enhanced the rate of internationalization. It is deduced from the 100% affirmative response, recognition for innovations was found to be a critical factor enhancing internationalization. All the respondents said that technology innovation was important in enhancing internationalization

5.1.2 Recommendations

Of considerable importance for an international business with operations in different countries is how a society's culture affects the values found in the workplace. Management process may need to vary according to culturally determined work related values. Although this study focused on the spread of business operations of the major commercial banks in Kenya within the region, one may be tempted to think that there is very little variance in Culture that could have an impact on how business is carried out from one country to another. However the sensitivity of the little differences can determine the success or failure of a business across borders. For example religious differences that exist among the populations that are mixed together in the same region require very careful management to enable the banks to maximize on the positives and minimize on the negatives.

It is recommended therefore that Managers should be given adequate training on the various diversities of culture in order for them to appreciate the differences that exist and effectively manage across cultures.

5.1.3 Suggested further research

This study looked at three factors namely, Organization Culture, Management Culture and Technology and Innovation and how they relate to the successful Internationalization of the top ten Commercial banks in Kenya. A study on how individual core competencies of various banks would relate to Internationalization of the firms could be an interesting area of study.

REFERENCES

Adam S, (1779), The Wealth of Nations. New York, McGraw Hill, Inc.

Albright Zappe Winston. Data Analysis, Optimization and Simulation Modelling. International edition, 4th. Edition.

Amina S. Omar, (2010). The effect of Internal Marketing on Organizational Commitment in Multinational Commercial Banks in Kenya. UON, unpublished.

Ansoff, H. I. and Edward J.D. (1990), Implementing strategic Management. 2nd Edition. Europe Prentice Hall.

Boynton A.C. & R.W. Zmud (1984), An Assessment of critical success factors, Sloan Management Review, 26(4), pp 17-27/

Central Bank of Kenya (2007), "Central Bank of Kenya Annual report 2007"

Central Bank of Kenya (2010), Bank Supervision Annual Report, 2009. CBK website.

Cooper D.R. and C.W. (1995), Business Research Methods 5th Edition, Chicago Irmin.

Crag, J. C. and R. M. Grant (1993), Strategic Management. New York : Mc Grave – Hill Inc.

Elizabeth.N. Mulwa (2009), Internationalization of Equity Bank Limited, Unpublished Research, UON.

Ellis J. and David W. (1995), International Business 3rd Edition. Bloomington, Indiana Cedar wood press.

Ellyjoy G. Bundi, (2010), Human Capital Management Practices and Firms Performance; A survey of Commercial Banks in Kenya. UON, unpublished.

Equity Bank prospectus.

Globerman S. (1986), International Business Management. New Jersey, Engle Wood, Prentice – Hall.

Grinward N. (1992), International trade – New Patterns of trade, Production and investment: New York, Routledge 29 West 35 street.

Hax A.C. and Majluf N.S. (1996), The strategy concept and process: A pragmatic approach 2nd Edition UK: Prentice Hall Inc.

Held, D. (1995), 'Democracy and the Global Order : From the Modern State to Cosmopolitan Governance. Stanford: Stanford University Press.

Johnson G. and Scholes K. (2002), Exploring Corporate Strategy; Texts and Cases,. Prentice Hall, New Delhi, 6th edition.

Joy Busolo, (2010), Strategies adopted by Grundfos Kenya Ltd. To cope with Challenges of Internationalization. UON, unpublished.

Kagia R. (2002), Lifelong Learning in the Global Knowledge Economy, Challenges for Developing Countries, World Bank, Washington DC.

Kairuthi Lilian, (2010), Factors influencing the Growth of Financial Institutions in Kenya. A case study of Equity Bank Ltd. UON, unpublished.

Kazmi, A. (2002), Business Policy and Strategic Management, 2nd edition Tata McGraw – Hill company limited.

Kidd, J. B. (2001), 'Discovering Intercultural Perceptual Differences in MNEs, Journal of Managerial Psychology, Vol 16.

Mearsheimer J. J., (2003), 'The Tragedy of Great Politics', New York: Norton.

Miller A. (1998), Strategic Management 3rd Edition Homewood : McGraw – Hill.

Modelski, G. (1972), ' Principles of World Politics'. New York ; Free Press, 1972.

Muia B.M. (2009), Critical success factors as a strategy of enhancing corporate performance – A case study of Equity Bank Limited.

Patton M. (2002), Qualitative Research and Evaluation Methods. 3rd. edition. Thousand Oaks.

Pechter, K. (1993), ‘ The foregners are coming’. International Business, September.

Porter M. (1990), The competitive advantage of Nations. New York, Macmillan Inc, Free Press.

Robbins S. P. (1990), Oganization Theory : Structure, Design and Applications. U.S.A : Prentice Hall Inc.

Robbins, S. P. (2002), Organizational Behaviour. New Delhi : Prentice Hall

Rodriquez, J.M and Ventura J. (2003), Human Resource Management Systems and Organizational Performance : An analysis of Spanish Manufacturing Industry.

Scholte, J. A. (2000), ‘ Globalization: A Critical Introduction’. New York: St. Martins.

Schrivastava P. (1985), ‘ Integrating Strategy Formulation with Organizational culture.’ The journal of Business Strategy.’

Schuler, R.S and MacMillan, I.C., (1984), ‘Gaining Competitive advantage through Human Resource Management.

Scwartz, H. and Davis, S. M. (1981). ‘ Matching Corporate Culture and Business Strategy.’

Storey, J. (1992), Developments in Human Resource Management. Oxford : Blackwell.

Thompson A. a. Strickland A.J. (1989), Strategic Management: concepts and cases. 10th Edition New York : Irmin McGraw Hill.

Thompson A. and Strickland A. (1993), ‘Strategic Management : ‘ Concepts and Cases’, 7th Edition, Boston, Irwin.

Thompson, A.A. Jr.,Strickland, A. J. IV (2003), Strategic Management: Concempts and cases. New York : Mc Graw – Hill.

Tomlinson J. (1999),’ Globalization and Culture’. Cambridge, U.K.: Polity press.

Ulrich, D. and Lake D. (1990), Organizational Capability: Competing from Inside Out. New York : Wiley.

Unpublished Research, UON.

Virilio, P. (1986,.'Speed and Politics'. New York : Somitext.

Walton, R. E. (1985), 'From Control to Commitment in work place. Havard Business review.

www equity bank.co.ke

APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 25/07/2013

TO WHOM IT MAY CONCERN

The bearer of this letter ALFRED KEGODE MUDAVADI DIRU

Registration No. D61/73734/2009

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

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

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

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
25 JUL 2013
MBA OFFICE
P.O. Box 30197 - 00100, NAIROBI

PATRICK NYABUTO
FOR: MBA CO-ORDINATOR
SCHOOL OF BUSINESS

APPENDIX II: INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives;

1. To determine the critical success factors behind the Internationalization of the major banks in Kenya.

2. To establish the role played by culture in the successful Internationalization of the major banks in Kenya.

RESPONDENTS DETAILS

Name…………………………………….(OPTIONAL)

Sex……………

Position in the organization…………………………………………………………….

Department ……………………………………….

Number of years served in organization: Years………… Months:………….

Age bracket 18-30 ☐

31-40 ☐

41-50 ☐

51-55 ☐

56 and above ☐

Highest level of education

Degree ☐ Diploma ☐ Certificate ☐ O level ☐

(A) RATE OF INTERNALIZATION

1. No. of countries in which your bank has branches outside Kenya?

None one two more than two

2. Have you ever been sent on assignment to any of these branches?

   YES NO

3. How long did the assignment take?

   0-3 months 4-6 months 7-12 months 1 year plus

(B) RATE ON ORGANIZATION CULTURE

NO.	QUESTION	Totally Agree	Agree	Not sure	Disagree	Totally Disagree
1.	The organization gives induction training before sending staff on foreign assignment.					
2.	The trainings take adequate duration					
3.	The organization rotates staff on foreign assignment regularly.					
4.	Organization culture is important while on foreign assignment.					

Suggestions/Comments on Organization culture …………………………………………………

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

(C) Management Culture

NO.	QUESTION	Very High	High	Average	Low	Very Low
1.	Organization of team building sessions.					
2.	Rate at which team building sessions are held					
3.	Attendance of such sessions by employees.					
4.	Your understanding of more than three languages.					
5.	Level of importance of Management Culture while on foreign assignment.					

Suggestions/ comments for improvement …………………………………………………….

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

(D) Technology and Innovation

Are you computer literate? YES ☐ NO ☐

Does the organization give any form of recognition to innovative oriented staff?

YES ☐ NO ☐

Do you consider Technology and innovation as important while on foreign assignment? Y/N

APPENDIX II: COMMERCIAL BANKS IN KENYA

1. Kenya Commercial Bank Ltd.
2. Barclays Bank of Kenya Ltd.
3. Standard Chartered Bank Ltd.
4. Cooperative Bank of Kenya Ltd.
5. CFC Stanbic Bank Ltd.
6. Equity Bank Ltd.
7. Commercial Bank of Africa Ltd.
8. National Bank of Kenya Ltd.
9. Citibank NA
10. Diamond Trust Bank Ltd.
11. NIC Bank Ltd.
12. I & M Bank Ltd.
13. Prime Bank Ltd
14. Bank of Baroda
15. Savings and Loan Ltd.
16. Housing Finance Company of Kenya Ltd.
17. Bank of Africa Ltd.
18. Bank of India
19. Imperial Bank Ltd.
20. Ecobank Ltd.
21. Family Bank Ltd.
22. Chase Bank Ltd.
23. Fina Bank Ltd.

24. African Banking Corporation Ltd.

25. Development Bank of Kenya Ltd.

26. Gulf African Bank Ltd.

27. Habib AG Zurich

28. K – Rep Bank Ltd.

29. Giro Bank Ltd.

30. Consolidated Bank of Kenya Ltd.

31. Guardian Bank Ltd.

32. Fidelity Commercial Bank Ltd.

33. Victoria Commercial Bank Ltd.

34. Habib Bank Ltd.

35. Southern Credit Banking Corporation Ltd.

36. Equitorial Commercial Bank Ltd.

37. First Community Bank Ltd.

38. Credit Bank

39. Trans – National Bank Ltd.

40. Middle East Bank Ltd.

41. Paramount Universal Bank Ltd.

42. Oriental Commercial Bank Ltd.

43. Dubai Bank Ltd.

44. UBA Kenya Bank Ltd.

45. City Finance Bank Ltd.