

**FACTORS THAT HAVE INFLUENCED EAST AFRICAN
BREWERIES LIMITED TO GO INTERNATIONAL**

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DECLARATION

This research project is my original work and has not been submitted in any other university.

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DEDICATION

My loving family whose encouragement has been my source of inspiration and a setting of a strong foundation for education at my early age and unwavering support morally, spiritually and materially to make me who I am.

ABSTRACT

Success in international competition demands that firms translate domestic positions into international positions. Firm is influenced to enter international markets resulting to international integration of markets is facilitating decentralization by reducing the economic costs of smallness. Companies wishing to pursue a long-term position in a foreign market need to be more proactive in their approach to market entry by becoming directly involved. The objective was to determine factors that influenced East Africa Breweries Limited to go into international. This research adopted a case study approach. A case study enabled the researcher to have an in-depth understanding of the factors that have influence East Africa Breweries Limited to go international. The researcher used both primary and secondary data. Primary data was collected using self-administered interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. The interview guides consisted of open-ended questions. The study population was 35 interviewees who included the managers across all departments working in East Africa Breweries Limited. From the findings, the study established that when EABL wanted to start competing globally, the strategic decision on entry was made and it fundamentally benefited the firm, including its operations and its management. The study established that EABL had plans to develop new product policy and strategy that is sensitive to market needs, competition, and company resources on a global scale. Several reasons influenced the firm to internationalize in emerging markets. These include to gain a greater market opportunity, maximize on profits of the company and to expand and have a greater feeling of the market. At the most basic level, firms' motivations to carry out FDI falls under resource seeking, market seeking, efficiency seeking, and strategic asset seeking categories. The study found that the need to originate, produce, compete and market beer industry products worldwide influenced EABL to go international. The choice of the correct entry mode for a particular foreign market is a critical marketing decision. The study concludes that survival and success of an organization would occur when the organization creates and maintains a suitable match between its strategy and the environment and also between its internal capability and its strategy. The process by which resources and capabilities are transformed into a competitive advantage for the organization that has gone international follows the key elements in the process of international market entry and expansion for production firms, such as the EABL

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LIST OF ACRONYM AND ABBREVIATION

COMESA- Common Market for Eastern and Southern Africa

EABL- East Africa Breweries Limited

FDI- Foreign direct investment

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In today's increasingly global economic environment, an organization's ability to tailor their products or services to worldwide markets has become essential for business sustainability and growth. Bayoumi, Laxton, and Pesenti, (2004) reveals that business internalization process the line features of the manufacturing dominate its motivations of overseas expansion, that is, by making use of its internalization advantage, beer manufacturing companies can reduce operation costs. However, the internalization advantage can only explain manufacturing's motivation for expansion, while it cannot give an explanation on why the manufacturing companies chooses to expand its business abroad, as it can also sets up the branch organization at home without going abroad to internalize its advantage.

Porter (1990) advances that a company will not be able to overcome the barriers to penetrating unfamiliar markets unless it brings a meaningful advantage in either cost of differentiation to the table. Nations succeed in industries where the home base advantages are valuable in other nations and where their innovations and improvements foreshadow international needs. Success in international competition demands that firms translate domestic positions into international positions. Firm is influence to enter international markets resulting to international integration of markets is facilitating decentralization by reducing the economic costs of smallness (Bradley, Hausman, and Nolan, 2003). Now an increasing number of public services can be efficiently provided by decentralized and often private organizations (Grant, 2000). Further, as argued by Hak-Min, K. (1999).

Free trade, international treaties and loan conditions have led central governments to choose or be forced to abdicate their traditional roles and leave critical functions to non-central government entities if they were to be performed at all.

Given competitive pressures in a globalizing market, Gill, and Law, (1988) identifies internationalization as one of the major challenges to beer manufacturing companies today. The fundamental problem that must be solved by all firms and especially by beer manufacturing companies is the decision what international activities and resources to deploy and develop in the attempt to survive and become more international. Calitz, (2000) further states that when manufacturing companies decides to engage in international activities, regardless of their nature, it has to adopt internationalization development strategy of the firm (Garrett and Rodden, 2003).

In recent years, an increasing number of manufacturing companies in Kenya have been forced to consider internationalizing their operations. As a major brewing company in Kenya, East Africa brewing Company is producing, manufacturing and exporting beer products out, Kenya is trying to transform its labor intensive manufacturing industry into a more competitive and internationalized one. However, there are still many uncertainties in the process of internationalization. The beer manufacturing industry in Kenya has continued to grow strongly for the last 10 years, mainly due to strong growth in emerging economies. This growth has made the beer company such as East Africa Breweries limited to venture into global markets.

1.1.1 Concept of International Business

An International business can be generally defined as economic activities that organizations engage in the provision of goods or services at cost in two or more countries. An organization is referred to as an international business when it sells goods and services across two or more national boundaries. Some of this organization operate in many countries and are hence referred to as multinational corporations (MNC's) or transnational corporations. Today, most business activities are acknowledged to be international and there is a general expectation that this will continue for the foreseeable future.

This broad definition includes the very small firm that exports (or imports) a small quantity to only one other country, as well as the very large global firm with integrated operations and strategic alliances around the world. Within this broad array, distinctions are often made among different types of international firms, and these distinctions are helpful in understanding a firm's strategy, organization, and functional decisions (for example, its financial, administrative, marketing, human resource, or operations decisions). One distinction that can be helpful is the distinction between multi-domestic operations, and global (harmonized or homogeneous) operations. The multi-domestic operations have independent subsidiaries which act essentially as domestic firms in each county of operation. The global operations will operate with integrated subsidiaries which are closely related and interconnected (Daniels, Radebaugh, and Sullivan, 2007). These can be seen as the two ends of a continuum, with many possibilities in between. Firms are unlikely to be at either end of the continuum. They will often combine aspects of multi-domestic operations with aspects of global operations (Buckley, 2005). International

firms may choose to do business in a variety of ways. Some of the most common include exports, licenses, contracts and turnkey operations, franchises, joint ventures, wholly owned subsidiaries, and strategic alliances.

International business grew over the last half of the twentieth century partly because of liberalization of both trade and investment, and partly because doing business internationally had become easier. In terms of liberalization, the General Agreement on Tariffs and Trade (GATT) negotiation rounds resulted in trade liberalization, and this was continued with the formation of the World Trade Organization (WTO) in 1995. At the same time, worldwide capital movements were liberalized by most governments, particularly with the advent of electronic funds transfers. In addition, the introduction of a new European monetary unit, the Euro, in January 2002 has had a great economic impact in international business. In terms of ease of doing international business, two major forces are important: first, technological developments which make global communication and transportation relatively quick convenient; and secondly, the disappearance of a substantial part of the communist world, opening many of the world's economies to private business (Scholte, 1997)

1.1.2 Entry Strategies

When an organisation has made a decision to enter an overseas market, there are a variety of entries strategies open to it. These entry strategies vary with cost, risk and the degree of control which can be exercised over them. The simplest form of entry strategy is exporting using either a direct or indirect method such as an agent, in the case of the former, or countertrade, in the case of the latter. More complex forms include truly global

operations which may involve joint ventures, or export processing zones. Having decided on the form of export strategy, decisions have to be made on the specific channels.

Survival and success of an organization occurs when the organization creates and maintains a suitable match between its strategy and the environment and also between its internal capability and its strategy. Strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's entry strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Porter (1985) affirms that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

1.1.3 Brewing Industry In Kenya

Beer industry in Kenya dates back to 1922 when two brothers from England, George and Charles Hurst, started brewing beer in Kenya. The two formally incorporated their business as a private company under the name of Kenya Breweries Ltd. In 1929 the first malted barley beer was brewed and the first batch delivered to New Stanley Hotel where it was opened with mixed reaction. In 1930, the first lager beer was brewed and released into the market. By 1938 the company was recognized for its beer after it won the first brewing award in an international competition. Bottled beer consumption was exclusive for whites in pre-colonial era until 1947 when Africans were allowed to drink formal sector beer. The brewing companies in Kenya included East Africa brewery Limited, the Keroche Brewery Company

Kenya has a flourishing beer industry producing high quality beer recognized internationally. This has been possible due to factors such as good climate for agro-production, availability of barley, affordable labour, local market (beer per capital consumption at 14 litres), access to the regional markets like COMESA and the East African Community. Kenya's strategic location in the East African coast provides accessibility to the East and Central African markets via International seaport/airport.

The Kenya government has additionally set up investor friendly centres such as the Export Processing Zones Authority and the Investment Promotion Centre to facilitate investors setting up projects in Kenya. Furthermore, investor friendly policies in place include the liberalization of marketing and processing of cereals and other agro-produce, removal of duties on importation of farm inputs and free repatriation of capital and profits

1.1.4 East African Breweries Limited (EABL)

Kenya Breweries was founded in 1922 by two white settlers, George and Charles Hurst. By 1990, most of the shareholders were Kenyan and the company was very successful. Tanzania Breweries had been started by Kenya Breweries in the 1930s. After being nationalized in 1967, Tanzania Breweries was poorly managed. However, in 1993 the Tanzanian government entered into a joint venture with South African Breweries Limited to run Tanzania Breweries. South African Breweries is one of the largest and most efficient brewing companies in the world. They turned Tanzania Breweries around with extraordinary speed, almost tripling production in the space of three years.

In 2002 East African Breweries Limited (EABL) and SABMiller Plc. effected a share swap of their interests in their subsidiaries: Kenya Breweries Limited and Tanzania

Breweries Limited. EABL acquired 20% of the equity of Tanzania Breweries. SABMiller Plc. acquired a 20% equity stake in Kenya Breweries. The largest shareholder is Diageo Plc. EABL's primary listing is on the Nairobi Stock Exchange, and is cross-listed on the Uganda Securities Exchange and Dar-es-Salaam Stock Exchanges (EABL, 2012).

Tusker is the main brand of East African Breweries with over 30% of the Kenyan beer market selling more than 700,000 hectolitres per year. It is a 4.2% abv pale lager. The brand was first marketed in 1923, shortly after the founder of Kenya Breweries Ltd, George Hurst, was killed by an elephant during a hunting accident. It was in this year that the elephant logo, that is synonymous with Tusker Lager, was incorporated. The slogan Bia Yangu, Nchi Yangu, means My Beer, My Country in Swahili.

In early 2008, the UK supermarket chain Tesco began selling Tusker, followed soon after by Sainsbury's. The company also makes Uganda Waragi, a 40% a by-brand of Waragi and the leading branded distilled beverage in Uganda. It is made from millet, and triple distilled. It is known in Uganda as The Spirit of Uganda, or simply UG. The main markets include other African countries such as Rwanda, the Democratic Republic of Congo and Sudan. In 1965, The Enguli Act decreed that distillation would only be legal under license, and distillers should sell to the government run Uganda Distilleries Ltd – which produced a branded bottled product, marketed under the name Uganda Waragi. Top executives in EABL have become more innovative as the East African beer industry becomes even more competitive. Already, executives at East African Breweries Ltd (EABL), which currently controls about 85 per cent of Kenya's formal alcohol market are

offering new brands drinks to gain competitive edge over rival competitors in the markets such Keroche.

1.2 Research problem

Globalization has created countless opportunities for the internationalization of a wide range of services. Recent technological innovations associated with the reduction or elimination of trade barriers, resulted in an exponential expansion of manufacturing firms. With the increasing competition among local and foreign companies within the Mainland over the last decade, developing countries manufacturing firms have to seek foreign markets. Additionally, there are many scholars, business experts, and governmental agencies advocating enthusiastically going internationalization. The internationalization process is a challenge for most manufacturing firms in developing countries such as in Kenya. Some manufacturing firms that go internationalization have begun the process of adapting to the international marketing environment. But for firms venturing into the foreign markets, they have to face uncertainty and risks which entail a process of learning and adaptation (Zoltan, 2002).

As with most other goods, world merchandise trade in beer has expanded rapidly over the past years. Much of the increase in world beer trade and in world trade in general can be attributed to such factors as lower trade barriers, more efficient communication and transportation technology, and growth in real personal incomes. The Beer brewing Industry has been undergoing a process of internationalization for the past 25 years. As in other industries, a few general economic factors explain much of the increase in internationalization of brewing activity. What makes East Africa beer brewing company

in Kenya a particularly interesting case study is that it provides an opportunity to demonstrate how certain economic factors, such as economies of scale and trade barriers, can affect the internationalization of an industry.

Locally, there are studies that have focused on factors influencing internalization of banking industry and motor vehicles sectors. For instance Nzuve and Ogot (2006) carried out a study on factors influencing business internationalization in motor vehicle sector focusing on a case of study of General Motors East Africa. Maunda (2011) carried out a study on factors influencing internationalization process at Kenya Commercial Bank Limited and found that the ownership advantages that KCB has includes, capital strength, technological advancement and management skills. There is no empirical study that has focused on determination the influential factors on internationalization of Beer Manufacturing Companies in Kenya. The study sought to answer the question, what are the factors that influenced East Africa Breweries Limited to go international?

1.3 Objective of the Study

The objective was to determine factors that influenced East Africa Breweries Limited to go international.

1.4 Value of the Study

The findings of this study would be of value and interest to various stakeholders.

The East Africa brewery Limited will find the study significant and will fully appreciate its internationalization strategies and guiding future policy and strategic decisions.

The study will provide information that will be useful to governments in the region in designing and implementation of trade policies directed to globalization factors in beer manufacturing sector.

The study provides a platform for further research in the area of internationalization in the brewery industry. In times of internalization, this study is highly relevant for academics and practitioners, and a great deal of research can be been conducted in this field.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. The materials are drawn from several sources which are closely related to the theme and the objectives of the study.

2.1 Theoretical Perspective

There have been very many theories addressing internationalization of firms in different ways. Adam Smith talked of absolute advantage basing on the classical economics thought, (Mitgwe, 2006), while David Ricardo came up with his argument that Adam Smith was not right and came up with competitive advantage. A plan therefore needs to be designed to take account of the external environment (Masum, & Fernandez, 2008).

The Nordic incremental school put forward the U-model. The theory was first developed by Wagner, (2009) as they were studying Swedish firms. In their model, they observed that firms internationalized by following a series of incremental steps (establishment chain). This theory was refined later and it puts its focus on four aspects that a firm should encounter as it internationalizes. These include the knowledge of the market and commitment, commitment to making decisions, current activities that are divided into stages and change aspects (Wagner, 2009). The resources that are committed to foreign

market from the state aspects as the market knowledge and commitment will affect the opportunities that the firm faces encounters in a foreign market. The knowledge of the market will help the management of the firm to succeed in its venture to internationalize Wagner, (2009).

The first theory of U-model has received challenges from network theories in recent years. Network theory argues that today's modern organizations do not exhibit incremental process of internationalization but rather, they internationalize faster through the help of the resources of networks partners (Mitgwe, 2006). All firm in the market are presumed to be embedded in one or more networks via linkages to their suppliers, contractors, customers, etc. (Johanson & Mattsson, 1988). According to Andexer, (2008), networking is a source of information about the market and knowledge which are acquired in the long term when there is no relationship with the host country. Thus networks act as bridging mechanisms for internationalization (Mitgwe, 2006, p. 109). The network theory put its emphasis in the ability of parties involved coming closer using information acquired by the firm through an establishment of a close relationship with customers, suppliers, distributors etc. the relationship created is based on mutual trust, commitment in the market and knowledge on the market (Mitgwe, 2006).

According to Andexer, (2008), in foreign markets, firms usually establish and develop their position in the market in relation to their competitors. Before internationalization, firms involve themselves in domestic networking to establish relationship in a foreign country. The position of the company in a local network is important since it shows the

ability of the company to mobilize resources in the network. Thus all firms are related to other firms whether local or international (Muhlbacher, Leihs, & Dahringer, 2006).

2.3 Concept Internationalization of Business

Internationalization of organization is a concept that is increasing in the modern world with many organizations in developed and developing world embracing the opportunity to go international. Exports and imports have increased in importance to the economy and it is important for companies to invest. There has been increase networking of suppliers, consumers, technology developers and researchers creating a higher degree of interdependence. Costs, competitive advantages, politics and changing markets are the reasons behind these networks. According to Masum, & Fernandez (2008), internationalization is the process of availing good and services to markets that are outside the country of origin or the country where the good are manufactured or the location of the company. This process is possible through the use of technology and effective communication which are advanced today and allow the labor and technology to be flexible and stretch across countries (Bell and Crick, 2004). Companies go international in the bid to compete for resources that are limited and depend on the global economy to provide them with the necessary market for their products. Internationalizing organizations must be in a position to deal with the rules and regulations that have been put in place in foreign countries that they operate in addition to showing the ability to deal with the fluctuation of the currency and the conflicting policies (Bell and Crick, 2004).

While going international, organizations need to consider their own internal structure. The role of governments of other countries that the organization needs to operate in and the mode of operation in the new foreign market also needs to be considered before internationalization undertaking. Political situations of the country and the labor availability should also be considered (Ubreziova, Bujnakova, & Majorova, 2009). Successful internationalization of firm requires that an organization does several things that include and are not limited to; making a thorough analysis of the location, acquisition of the site for internationalization where possible, building of the brand and position of the firm in the local market, Managing the alliances or partnerships, having a clear and consistent focus on investment, and having a continuous management team to drive international growth (Javashree, & Al-Marwai, 2010).

2.4 Factors that influence Company to go Into International Market

When a manufacturing company decides to enter foreign markets, it must choose an entry strategy. Many strategies exist with differing levels of company involvement. The level of involvement is positively related to the level of risk and control a company wishes to undertake. Several criteria should be considered before selecting the appropriate market entry method. According to Doole and Lowe (2001) company objectives and expectations, size and financial resources, existing foreign market involvement, skills, abilities and attitudes of management, the nature and power of the competition, the nature of the product or service itself and the timing of the move relative to competitors should be considered. Doole and Lowe (2001) contend the nature, size and structure of the market will be significant in determining the method adopted. Companies wishing to

pursue a long-term position in a foreign market need to be more proactive in their approach to market entry by becoming directly involved.

2.4.1 Competitive Advantage

Competitive advantage also known as differential advantage is a total offer vis-à-vis relevant competition that is more attractive to customers. It is the element of the company's offering; the product, price, the advertising, and point of sale promotion, or the distribution of the product. For example, offering a superior product at a lower price especially when penetrating a new market. This price advantage will get immediate customer attention, and, for those customers who purchase the product, the superior quality will make an impression (Kefela, 2009).

A country may have a comparative advantage over another if in producing a commodity, relatively lower opportunity cost in terms of the forgone alternative commodities that could be produced. This encourages specialization or division of labour because countries specialize in the products they can produce more efficiently at a lower cost of production

The costs of manufacturing are driven by flexibility, quality of products, responsiveness of customers, required skills and the control processes. Labor costs are no longer given much consideration in the choice of locations of an organization. Therefore, companies internationalize because of low costs experienced in other international markets apart from local market (Littan and Herring, 1995).

2.4.2 Expand Company Market

Corporates are looking to their local companies for dependable solutions since the crisis and a new approach to financial institution partnership models can generate greater value

(Kotabe and Helsen, 2001). Ozsomer and Prussia, (2000) found that a client-driven, mutually beneficial partnership approach, evolving into a globally-reaching ecosystem of capabilities and value, is a model well-suited to the circumstances of the global business environment and even better suited to the post-crisis realities as they are taking shape today. At the same time, traditional partnership approaches no longer fully respond to evolving end-user needs, as they do not capitalize on the value that local banks can bring to a modern working capital cycle (Daniels, Radebaugh and Sullivan, 2007).

As the rise of the profit-centre treasury model continues, corporates are increasingly demanding local access to global-standard transaction banking solutions for international reach and enhanced processing efficiency. Increasingly restrictive credit conditions have seen corporates looking inwards at their own business cycles, for alternative sources of funds (Doole and Lowe, 2001). In order to access and make maximum use of trapped working capital, treasurers need end-to-end transactional visibility and real-time data management for optimum control of what are, for many corporates, complex international supply chains. In addition to this, they need services that provide international reach and which are geared towards helping companies reach their individual goals.

By collaborating, smaller institutions can make use of a global provider's capabilities, in a way that is tailored to the evolving needs of their end-user clients (Thompson, 2007). This joint approach also goes a step further to combine local and global best practice solutions to overcome the ongoing consequences of the global economic crisis. While partnership between financial sector services providers is not a new concept, the study sets out to establish if a more collaborative, value-based partnership model, called the

"manufacturer-distributor" model, has the potential to generate greater value for participating institutions, while remaining directly linked to the evolving needs of end-clients worldwide (Hawke, 2003).

2.4.3 Improve on Performance

According to the standard theory, international trade leads to allocation of resources that is consistent with comparative advantage. This results in specialization, which enhances productivity. It is accepted that international trade, in general, is beneficial and that restrictive trade practices impede growth. That is the reason why many of the emerging economies, which originally depended on a growth model of import substitution, have moved over to a policy of outward orientation. However, in relation to trade in goods and services, there is one major concern (Javashree, and Al-Marwai, 2010). Emerging economies will reap the benefits of international trade only if they reach the full potential of their resource availability. This will probably require time. That is why international trade agreements make exceptions by allowing longer time to developing economies in terms of reduction in tariff and non-tariff barriers. Special and differentiated treatment”, as it is very often called has become an accepted principle.

Many organizations internationalize with the motive of increasing the profits of the company and reduce costs. This objective of an organization to internationalize can be realized if the company can access a large market and utilize the opportunities in the market so that it can benefit from economies of scale and large scale production. These economies will help the company reduce its costs and increase its revenue (Perkins, 1997). There exists opportunities in some countries across the globe that have an

opportunity for growth of a company due to the growing economy. The growth of the economy means that consumers in the country will have the ability to gain purchasing power with time and the products of the company will be bought at an increasing capacity. A good example is the Chinese market that has realized economic growth with the possibility of the large population acquiring purchasing power with time (Muhlbacher, Leih, & Dahringer, 2006).

2.4.3 Global Markets

Many organizations have become aware of the potential capability of gaining much revenue from the world market. Therefore, organizations attack their competitors using revenue earned from foreign markets in order to protect the local market that is more competitive (Calitz, 2000). During the last half of the twentieth century, many barriers to international trade fell and a wave of firms began pursuing international business strategies to gain a competitive advantage. However, some industries benefit more from globalization than do others, and some nations have a comparative advantage over other nations in certain industries. To create a successful global strategy, managers first must understand the nature of global industries and the dynamics of global competition.

2.4.6 Technology has gone global

The incremental process of technological innovations punctuated by occasional breakthroughs has accelerated to levels unprecedented in human history. The advent of the Internet has opened up immense possibilities that could not even be imagined, let alone realized, in earlier times. The speed and reliability of international communication has given a new impetus to globalization, while vast advances in transportation have made speedy and cost-efficient global sourcing possible (Gordon and Hines, 2002).

There are many sources of new technology across the world and there is no dominance of the U.S as the only source of technology to manufacture. There are many countries that have cheap human resource and scientific infrastructure for the development of research and development of technology. Therefore, it is easier for companies to internationalize since the costs involved with technology are low (Muhlbacher, Leih, and Dahringer, 2006).

2.4.7 Foreign Direct Investment

Foreign direct investment (FDI) is the direct ownership of facilities in the target country. It involves the transfer of resources including capital, technology, and personnel. Direct foreign investment may be made through the acquisition of an existing entity or the establishment of a new enterprise (Grant, 2000). Direct ownership provides a high degree of control in the operations and the ability to better know the consumers and competitive environment. However, it requires a high level of resources and a high degree of commitment (Bhagwati, 2004).

Foreign direct investment (FDI) or foreign investment refers to long term participation by country A into country B. It usually involves participation in management, joint-venture, transfer of technology and expertise. There are two types of FDI inward foreign direct investment and outward foreign direct investment, resulting in a net FDI inflow (positive or negative) and "stock of foreign direct investment, which is the cumulative number for a given period. FDIs enable growth the international business and multinational businesses (Sapienza, Autio, George and Zahra, 2006). Different economic factors encourage inward FDIs. These include interest loans, tax breaks, grants, subsidies, and the removal of restrictions and limitations. Factors detrimental to the growth of FDIs

include necessities of differential performance and limitations related with ownership patterns.

Foreign direct investment (FDI) plays an extraordinary and growing role in global business (Hitt, Ireland, Camp and Sexton, 2001). It can provide a firm with new markets and marketing channels, cheaper production facilities, access to new technology, products, skills and financing. For a host country or the foreign firm which receives the investment, it can provide a source of new technologies, capital, processes, products, organizational technologies and management skills, and as such can provide a strong impetus to economic development (Zoltan, 2002). Foreign direct investment, in its classic definition, is defined as a company from one country making a physical investment into building a factory in another country.

The direct investment in buildings, machinery and equipment is in contrast with making a portfolio investment, which is considered an indirect investment. In the past decade, FDI has come to play a major role in the internationalization of business (Thompson and Strickland, 2003). Reacting to changes in technology, growing liberalization of the national regulatory framework governing investment in enterprises, and changes in capital markets profound changes have occurred in the size, scope and methods of FDI. New information technology systems, decline in global communication costs have made management of foreign investments far easier than in the past. The sea change in trade and investment policies and the regulatory environment globally in the past decade, including trade policy and tariff liberalization, easing of restrictions on foreign investment and acquisition in many nations, and the deregulation and privatization of

many industries, has probably been the most significant catalyst for FDI's expanded role (Buckley, 2005).

2.7.9 Diversification

Basically, the relationship between internationalization and a firm's performance is positive when it has a dispersed network wide which covers many countries with few subsidiaries per country) and negative for a concentrated network which has multiple subsidiaries in each country (Pantzalis, 2001). The argument is that internationalization requires the strengthening of subsidiary managerial supervisory systems, which brings about increased agency costs.

The dichotomy of foreign concentration vs diversification represents a dichotomy of deep network structure vs disperse, as gradual expansion vs rapid (implicit in concentration vs diversification) implies, in the opinion of Masson, (2001), that at each point in time a concentrated strategy leads to a lower number of markets served and to greater marketing efforts assigned to each market (given fixed resources) in relation to diversification. In addition, by virtue of the impact of a transnational network structure on performance, we can assume higher performance for the foreign diversification strategy (disperse network structure) than for the concentration strategy (deep network structure), because the agency costs of supervising foreign operations will be largely exceeded by returns on diversification due to its implied operational flexibility. Along this line, we propose that strategy of diversification to foreign markets generates superior performance than the strategy of foreign concentration. Foreign concentration/diversification per se is not sufficient to explain all the variations in firm performance (Lechner and John, 2000).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the study in answering the raised research question. Specifically the following subsections were included research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

The research design according to Chandran, (2004) provides answers for questions such as what techniques were used to gather data. What kind of sampling strategies and tools that were used. How time and cost constraints will be dealt with. In other words it is an arrangement of conditions for collection and analysis of data in a way that combines their relationship with the purpose of the research (Chandran, 2004). The descriptive design refers to a set of methods and procedures that describe variables (Babbie, 1998). This research design involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data. Descriptive studies portray the variables by answering who, what, and how questions (Babbie, 1998). According to Mugenda and Mugenda (2004), descriptive design is a process of collecting data in order to test hypothesis or to answer the questions of the current status of the subject under study. Its advantage is that, it is used extensively to describe behavior, attitude, characteristic and values. However;

the method may contain too many variables that cannot be realistically controlled (Babbie, 1998).

This research adopted a case study approach. A case study enabled the researcher to have an in-depth understanding of the factors that have influence East Africa Breweries Limited to go international. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear.

The importance of a case study is emphasized by Kothari (2003) who both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. It's a method that drills down, rather than cast wide. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date (Kothari, 2003).

3.3 Data Collection Method

The researcher used both primary and secondary data. Primary data was collected using self-administered interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data include the companies' publications, journals, periodicals and information obtained from the internet (Babbie, 1998).

The interview guides consisted of open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better

understanding and possibly enable a better and more insightful interpretation of the results from the study (Kothari, 2003). The interview guides designed in this study comprised of two sections. The first part includes the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the interviewees. The second part is devoted to the identification of the factors influencing company to go into international market. The interviewees of this study were the 35 senior staffs, who include managers across all departments working in East Africa Breweries Limited.

3.4 Data Analysis

After the interview guides were edited for completeness, the data which was qualitative in nature was analyzed using conceptual content analysis which is best suited method of analysis. Content analysis is defined by Nachmias and Nachmias (1996) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. According to Mugenda and Mugenda (2003) the main purpose of content analysis is the study existing information in order to determine factors that explain a specific phenomenon. The content analysis was used to analyze the interviewees' views about the factors that have influenced East Africa Breweries Limited entering international markets.

3.5 Validity and Reliability of the research

Validity is the accuracy or meaningfulness and technical soundness of the research. It is the degree to which a test measures what it purports to measure as stated by Mugenda and Mugenda, (2003). The validity and reliability of data collected was made by ensuring

that the data was collected from reliable sources, the language used on the questionnaire was kept simple to avoid any ambiguity and misunderstanding. The researcher had sought permission from University and the questionnaire was developed with guidance from the expert, the supervisor to ensure the data to be collected was valid.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, interpretation and presentation of the research. The study population was 35 interviewees who included the managers across all departments working in East Africa Breweries Limited. 30 interview guides were responded and returned for the analysis. This constitute to 85.71% response rate.

4.2 Factors that influenced EABL to go international

The study sought to determine factors s influencing EABL to go to the international market

4.2.1 Level of management at which decision on the overall entry strategy was made

The study sought to investigate the level of management at which decision on the overall entry strategy was made and who made the decision. From the findings, respondents stated that East Africa Brewery limited management had to build up its market over time where decision on the overall entry strategy differed in aggressiveness, risk and the amount of control that the firm was able to maintain. The study found that many strategies existed with differing levels of company's involvement where the level of involvement and decision making was positively related to the level of risk and control the company wished to undertake. When EABL wanted to start competing globally, the strategic decision on entry was made and it fundamentally benefited the firm, including its operations and its management. Since then the decision to globalize remained an

important innovation as the East African beer industry became even more competitive even though there were difficulties behind the company's decision to begin to compete in foreign markets. From the findings, the top executives in EABL decided on the form of entry strategy on the specific channels. The findings were in line with Doole and Lowe (2001), who stated that several criteria should be considered before selecting the appropriate market entry method. This implies that top executive was influential in the company and is mostly involved in decision making in the company.

4.2.2 Strategy that guided EABL initial entry and expansion into internal market

This study sought to establish the strategy that guided EABL initial entry and expansion into internal market. From the findings, the study found that EABL did a thorough analysis of its potential competitors and possible customers when developing a market entry strategy. In international expansion, EABL built on its initial investment and expanded into the new markets. The involvement of a thorough initial market skimming pricing and market penetration strategy helped the firm to internationalize its self effectively. The study found that when EABL management was choosing an entry mode for a new foreign market, the firm confront issues relating to ownership advantages, location advantages, internalization advantages, the need for control, the availability of resources and the firm's global strategy considering that Tanzanian government had entered into a joint venture with South African Breweries Limited to run Tanzania Breweries and that The company also had made Uganda Waragi, a 40% a by-brand of Waragi and the leading branded distilled beverage in Uganda. This implies that when the company was entering in foreign markets, decision was made on the most suitable entry

strategy. They also arranged ownership, either as a wholly owned subsidiary, in a joint venture or more recently in strategic alliance.

4.2.3 Plans to enter another market in the near future and the strategy to guide the entry

The study investigated whether the EABL have plans to enter into another market in the near future and the strategy in place to guide the entry. From the findings, respondents stated that EABL has established its production abroad not to enter new markets but to protect what they have already gained through exporting. The firm choose to establish operations in the host country at the beginning of their internationalization effort, while other decision were that the firm use one of the other entry methods initially and later invest in facilities in the host country. The study found that EABL has the plans to develop new product policy and strategy that is sensitive to market needs, competition, and company resources on a global scale. Since the firm has already been involved in international markets it is making entry decision in the context of an existing network of international operation. This is in line with Ozsomer and Prussia (2000) who found that a client-driven, mutually beneficial partnership approach, evolving into a globally-reaching ecosystem of capabilities and value, is a model well-suited to the circumstances of the global business environment today.

4.2.4 Main environmental factor that influences strategy development

The study sought to know the main environmental factor that influences the company strategy development. From the findings, the study established that main environmental influences that affect strategy development at EABL include the actions of competitors

and a range of social, legal, economic and technological factors. Competitor's actions affect the ability of the business to make profits, because competitors continually seeks to gain an advantage over each other, by differentiating their product and service and by seeking to provide better value for money.

Respondents explained that EABL businesses prosper when the economy is booming and living standards are rising, the business has also been influenced by consumer attitudes and behaviours which depend on such factors as the age structure of the population and the nature of work and leisure. The study further found that the monetary system that facilitates business exchange has been likened to the oil that lubricates the wheels of commerce and influence EABL strategy development. Increasingly the EABL in Kenya have become aware of the relationship between the environmental factor and the effects that this has on the strategy development.

This is in lines with Porter (1985) who affirms that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant. This implies that strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy.

4.2.5 Whether local market penetration strategies follow the same process

The study sought to know whether the local market penetration strategies follow the same process. From the findings majority of the respondents stated that the process of penetrating and then developing an international market is increasing where in market entry in EABL is via an independent local distributor or partner with a later switch to a directly controlled subsidiary. The study found that this approach results from an

objective of building a business in the country-market as quickly as possible but nevertheless with a degree of patience produced by the initial desire to minimize risk and by the need to learn about the country and market from a low base of knowledge. The study further found that the company ensured that it did not attack local competitors' strongholds head-on; instead, initially targeted niches that was in the blind spot of the locals. Then as it gained experience, local reputation and market share, the company started wandering around for the other domains where the local suppliers previously had resided. This is in line with Calitz (2000), who stated that many organizations have become aware of the potential capability of gaining much revenue from the world market. Therefore, organizations attack their competitors using revenue earned from foreign markets in order to protect the local market that is more competitive. This implies that the local market penetration strategies follow the same process of dealing with the main environmental factor that influences strategy development.

4.2.6 The most crucial decision for a firm's success in the foreign market

The study sought to know what are considered to be the most crucial decision for a firm's success in the foreign market. From the findings, majority of the respondents indicated that for international marketing managers, however, the importance of crucial decisions are increasing because the time it takes to bring the new products to international markets becomes more critical due to the globalization of markets and competition. The study found that an entry strategy in international markets also involves selecting the best countries to introduce the new product, the sequence in which these countries should be approached and the timing of entry into these market.

From the findings, management of the organization needs to consider and make decision on which market, when to internationalize and the scale of entry before internationalization of the firm. The company coordinates its operations with the other actors in the market in a manner as to make profit from the activities and relations. Coordination in the market comes from the interaction of the firms in the network with price being one of the major factors influencing decisions. This is in line with (Wagner, 2009), who stated that the knowledge of the market and commitment to making decisions on the current activities that are divided into stages and change aspects for a firm's success in the foreign market are required. This implies that, due to the contribution to the decision to internationalize, these latter factors contributed more to the final decision to internationalize successfully.

4.2.7 How foreign market investment influenced EABL to go into international market

Respondents were requested to explain how foreign market investment influenced EABL to go into international market. From the findings, the study found that several reasons influenced the firm to internationalize in emerging markets. These include to gain a greater market opportunity, maximize on profits of the company and to expand and have a greater feeling of the market.

The profit seeking motive made EABL to go international by exploiting new innovative ventures in new markets and using those new opportunities as a competitive advantage to enter into the market. This concurred with Bhagwati (2004), who stated that different economic factors encourage inward FDIs. These include interest loans, tax breaks, grants, subsidies, and the removal of restrictions and limitations. Factors detrimental to the

growth of FDIs include necessities of differential performance and limitations related with ownership patterns. This implies that at the most basic level, firms' motivations to carry out FDI falls under resource seeking, market seeking, efficiency seeking, and strategic asset seeking categories.

4.2.8 Fast responsive to economic environmental changes in the host country

The study sought to investigate how fast the company was responsive to economic environmental changes in the host country. From the findings, respondents indicated that as the international business environment became more competitive, dynamic and complex, the EABL managers adopted a responsive strategy not only for the immediate situation, but also of the possible impact of changes taking place in surrounding areas too. Management further stressed the need to analyze and respond to external forces over which even global companies have little control. Though there was a temptation amongst some managers to believe that the current capabilities of the organization were inadequate when facing the future. A more thorough analysis of the firm's situation was done and the SWOT framework was appropriate for this purpose.

From the findings, the most frequently adopted approach by EABL was to extrapolate past trends. However, with so many factors to consider and the increasing frequency with which unexpected events seemed to occur, it was extremely difficult and misleading to build up one all-embracing vision of the future. The firm is responding to this uncertainty by developing a series of alternative scenarios as the basis of the planning process.

This is in line with Porter (1985) who stated that strategic responses require organizations to change their strategy to match the environment and also to redesign their internal

capability to match this strategy. This implies that there is an effective, robust strategy that contains contingency plans to deal with a variety of situations in which the company might find itself.

4.2.9 EABL motivation factors to move to the international market

The study sought to investigate the factors that motivated EABL to move to the international market. From the findings, respondents concurrently stated that EABL moved to international markets because they wanted to shift parts of their value chains that are used in production to other countries that are in emerging markets. Through such moves, EABL wanted to diversify its distribution channels and stations that are used to serve and promote its products. The study further found that other motives that drove the company to internationalize are search for expansion, production of new products in the new markets, motivation and saturated and very competitive domestic market.

To gain new ideas about products, services and business methods, better serve key customers that have relocated abroad, be closer to supply sources, benefit from global sourcing advantages, or gain flexibility in the sourcing of products, gain access to lower-cost or better-value factors of production, develop economies of scale in sourcing, production and marketing. The respondents further indicated that to confront international competitors more effectively or thwart the growth of competition in the home market as well as investing in a potentially rewarding relationship with a foreign partner are the EABL motivation factors to move to the international market.

This concurred with Casadesus-Masanell, & Ricart (2009), who states the motives that drove the company to internationalize are search for expansion, production of new

products in the new markets, motivation and saturated and very competitive domestic market. This implies that specific motives to move to the international market are to seek opportunities for growth through market diversification, earn higher margins and profits

4.2.10 Foreign market practices adopted by company

The study sought to investigate the foreign market practices adopted by EABL. From the findings, respondent state that the firms planned to compete effectively in world markets and it then had clear and well-focused international marketing strategy that was based on a thorough understanding of the markets which the company was targeting or operating in. the company adopted a constant monitoring and evaluation practices. As innovation is an important competitive variable, not only in terms of the product or service but throughout the marketing process. Countertrading, financial innovations, networking and value-based marketing are foreign market practices adopted as they are increasingly important concepts in the implementation of a successful international strategy entry. This concurred with Andexer (2008), who stated that in foreign markets, firms usually establish and develop their position in the market in relation to their competitors.

4.2.11 Environmental and socio-cultural considerations for the host country and local surrounding foreign sub units

On the environmental and socio-cultural considerations for the host country and local surrounding of EABL foreign sub units, the study found that essentially the firm sought to understand the culture, customs and economic conditions of the country where they wanted to do business. Price levels were set to minimize the difference among markets and to maintain a price corridor rather than purely to reflect local market conditions.

Respondents stated that environmental laws guided the EABL to be responsible for the retrieval and disposal of the packaging waste it creates and produce packaging which is recyclable. The study found that the company chooses to develop its activity on new markets, similar to the ones they are already acting on and developing a new line of products similar to the ones they already have and which will be sold on similar markets.

4.2.12 Need to gain competitive advantage in beer industry influence EABL to go international

The study sought to investigate how the need to gain competitive advantage in beer industry influenced EABL to go international. From the findings, the companies entered to international markets for varying reasons and different objectives at the time of entry produced different strategies, performance goals and even forms of market participation. The study found that the need to originate, produce, compete and market beer industry products worldwide influenced EABL to go international. The firm sought and invested in lower-cost production sites in order to remain cost competitive both at home and abroad.

4.2.13 Other strategies adopted by the company in order to succeed in the foreign market

The response on the question on the other strategies adopted by your company in order to succeed in the foreign market were diverse with many of the respondents indicating that entering a market as an exporter strategy was adopted by EABL because it ensured that the company networks with the customers and enabled it to understand their tastes and preferences and thus produced products that were readily in line with consumer

preferences. Other strategies that were deemed important for succeeding in the foreign market were international strategy, joint ventures, franchising and turnkey projects as well as licensing. Competitive strategies typically depended on the market environment and the positioning and product portfolio of the existing players.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the study that relates to the objective of the study. The chapter also draws conclusion and recommendation made from the findings of the study.

5.2 Summary of the findings

From the findings, the study established that when EABL wanted to start competing globally, the strategic decision on entry was made and it fundamentally benefited the firm, including its operations and its management. The level of management at which decision on the overall entry strategy was made is the top management which decided on the specific channels of entry. Since then the decision to globalize remained an important innovation as the East African beer industry became even more competitive even. The study found that when the company was entering in foreign markets, decision was made

on the most suitable entry strategy. They also arranged ownership, either as a wholly owned subsidiary, in a joint venture or more recently in strategic alliance.

The study established that EABL had plans to develop new product policy and strategy that is sensitive to market needs, competition, and company resources on a global scale. Since the firm has already been involved in international markets it is making entry decision in the context of an existing network of international operation.

The study established that main environmental influences that affect strategy development at EABL include the actions of competitors and a range of social, legal, economic and technological factors. Competitor's actions affect the ability of the business to make profits, because competitors continually seeks to gain an advantage over each other, by differentiating their product and service and by seeking to provide better value for money. It was found that strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy.

The study found that the local market penetration strategies follow the same process of dealing with the main environmental factor that influences strategy development. The importance of crucial decisions are increasing because the time it takes to bring the new products to international markets becomes more critical due to the globalization of markets and competition. The study found that an entry strategy in international markets also involves selecting the best countries to introduce the new product, the sequence in which these countries should be approached and the timing of entry into these market.

Several reasons influenced the firm to internationalize in emerging markets. These include to gain a greater market opportunity, maximize on profits of the company and to

expand and have a greater feeling of the market. At the most basic level, firms' motivations to carry out FDI falls under resource seeking, market seeking, efficiency seeking, and strategic asset seeking categories.

The EABL managers adopted a responsive strategy not only for the immediate situation, but also of the possible impact of changes taking place in surrounding areas too. A more thorough analysis of the firm's situation was done and the SWOT framework was appropriate for this purpose. There is an effective, robust strategy that contains contingency plans to deal with a variety of situations in which the company might find itself.

EABL moved to international markets because they wanted to shift parts of their value chains that are used in production to other countries that are in emerging markets. To gain new ideas about products, services and business methods, better serve key customers that have relocated abroad, be closer to supply sources, benefit from global sourcing advantages, or gain flexibility in the sourcing of products, gain access to lower-cost or better-value factors of production, develop economies of scale in sourcing, production and marketing.

As innovation is an important competitive variable, not only in terms of the product or service but throughout the marketing process. Countertrading, financial innovations, networking and value-based marketing are foreign market practices adopted as they are increasingly important concepts in the implementation of a successful international strategy entry.

The study found that essentially the firm sought to understand the culture, customs and economic conditions of the country where they wanted to do business. Price levels were set to minimize the difference among markets and to maintain a price corridor rather than purely to reflect local market conditions. The study found that the need to originate, produce, compete and market beer industry products worldwide influenced EABL to go international.

Entering a market as an exporter strategy was adopted by EABL because it ensured that the company networks with the customers and enabled it to understand their tastes and preferences and thus produced products that were readily in line with consumer preferences. Other strategies that were deemed important for succeeding in the foreign market were international strategy, joint ventures, franchising and turnkey projects as well as licensing.

5.3 Conclusion

From the findings the study concludes that after a firm decides to enter a particular foreign market, it must choose a mode of entry or organizational structure for conducting international business transactions. The choice of the correct entry mode for a particular foreign market is a critical marketing decision.

The study concludes that survival and success of an organization would occur when the organization creates and maintains a suitable match between its strategy and the environment and also between its internal capability and its strategy. If an organization's entry strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises.

Companies internationalize for many reasons. Some of the motives that led to the internationalization of EABL included the motive to earn more revenue from international markets, market diversification, need to be felt, search for cheap raw materials, search for more opportunities, saturated markets, among many other reasons. There are many benefits to be experienced by a company that internationalizes. Some of these benefits include; increased revenue, reduced costs due to cheap raw materials, economies of scale and economies of scopes. The revenue that is generated for international ventures can be even higher than the revenue generated in the domestic market and thus enables the company to support the domestic production

The process by which resources and capabilities are transformed into a competitive advantage for the organization that has gone international follows the key elements in the process of international market entry and expansion for production firms, such as the EABL. For an organization that has gone international, in the home-country is constrained by firm-specific resources and capabilities in its foreign market entry choice as the firm expand. The study concludes that if internalization advantages outweigh the benefits of using the market the firm will use some FDI method over contracting. The greater the company's ownership assets, the more important it is to protect these assets by maintaining control over company secrets. Joint ventures are advantageous to the organization because a foreign company can benefit from the knowledge of the host company about the market in the host country, competitive conditions in the host country, culture, language, environment of business, political and economic conditions in the host country. Also, costs and risks that are incurred in the course of business transactions are shared.

5.4 Recommendations

Internationalization process of companies in the emerging markets can take different forms that include, exporting, franchising, joint ventures, turnkey projects, licensing among others. the strategy taken by a company differ from one company to another. The ability of an organization having management that has past experience in international business, the position of the company in the domestic market, availability of resources, the business environment, the industry and the government policy of the foreign country are of vital importance when a firm has decided to go international. A plan therefore needs to be designed to take account of the external environment

The study recommends that it is important to audit not just the most obvious company weaknesses but also the strengths of the company, which are often taken for granted but which are really its source of competitive advantage. This is particularly important in international markets, for example, customer and brand loyalty may be much stronger in certain markets than others, and products which may be at the end of their life in the domestic market may be ideal for less sophisticated markets. SWOT analysis should, therefore, be carried out separately on each area of the business by function, product or market and focus upon what action should be taken to exploit the opportunities and minimize the threats that are identified in the analysis. This will lead to a clearer evaluation of the resources that are available or which must be acquired to ensure the necessary actions are carried out.

There are factors that affect effective internationalization of a company. In fact they form some of the obstacles that some companies may experience in their bid to internationalize. Other obstacles to effective internationalization are lack of adequate knowledge to a given market and the dynamic nature of the market and loyalty of customers to their locally manufactured goods. While going international, organizations need to consider their own internal structure. The role of governments of other countries that the organization needs to operate in and the mode of operation in the new foreign market also needs to be considered before internationalization undertaking. Political situations of the country and the labor availability should also be considered.

Successful internationalization of firm requires that an organization does several things that include and are not limited to; making a thorough analysis of the location, acquisition of the site for internationalization where possible, building of the brand and position of the firm in the local market, managing the alliances or partnerships, having a clear and consistent focus on investment and having a continuous management team to drive international growth.

5.5 Limitations of the Study

The researcher encountered various challenges that tended to hinder access to information sought by the study.

The study was also limited to East Africa breweries Limited and thus the factor influencing company going international on other enterprises such as private commercial companies has not been established. The study also faced constraints time and financial

resources. The researcher budgeted and only focussed on completing the study in specific period of six month to achieve objective of the study.

The respondents approached were reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image of the institutions. The researcher handled the problem by carrying with her an introduction letter from the University and assured them that the information they would offer would be treated confidentially and it was to be used purely for academic purposes.

5.6 Recommendation for further study

This research has been analyzing the factors that influenced East Africa Breweries Limited to go international. The study recommends that a further study should be carried to identify the factors affecting the competitive advantages sustainability of the internationalized companies in Kenya, a case of EABL.

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APPENDICES

Appendix I: Interview Guide

1. At what level of management was the decision on the overall entry strategy made, who makes the decision?
2. What strategy guided EABL initial entry and expansion into internal market?
 - a. Uganda?
 - b. Tanzania?
 - c. Any other? Kindly specify.....
3. Do you have plans to enter another market in the near future and what strategy will guide the entry?
4. What is the main environmental factor that influences your strategy development?
5. Do the local market penetration strategies follow the same process?
6. What is considered to be the most crucial decision for a firm's success in the foreign market?
7. Explain how foreign market investment influence EABL to go into international market?
8. How fast are you responsive to economic environmental changes in the host country?
9. What motivates EABL to move to the international market?
10. What are the foreign market practices adopted by your company?
11. What are the environmental and socio-cultural considerations for the host country and local surrounding of your foreign sub units?
12. Explain how the need to gain competitive advantage in beer industry influenced EABL to go international?
13. What are the other strategies adopted by your company in order to succeed in the foreign market?

Appendix II: Players in Brewing Industry

1. Aberdares Beverage Limited
2. Africa Spirit Co. Ltd
3. Afro Prime Industries Ltd
4. BilFlex Industries
5. Biscept Limited
6. BMS Industries LTD
7. Crywan Enterprises Ltd
8. Elle Kenya Ltd
9. Fai Amarillo Limited
10. FRM Packers(E.A) LTD
11. Grand Beverages Ltd
12. Honeywell Industry
13. Julijo Investment Ltd
14. Kambu Distillers Ltd
15. Kedstar Investment
16. Kefima Suppliers
17. East Africa Breweries Ltd
18. Kenya Gin Manufact. Ltd
19. Kenya Wine Agencies Ltd
20. Keroche Breweries Ltd
21. London Distillers (k) Ltd
22. Lumat Company Ltd
23. Lyniber Suppliers Ltd
24. Mashwa Breweries Spirit & Beer
25. Rhino Beverages LTD
26. Spirit & Beer
27. Sangilia Wine Manuf. LTD
28. Wayne Industries Ltd
29. Wholesome Beverages Ltd Spirit-Nairobi
30. Zheng Hong (K) LTDSpirit-Nairobi