STRATEGIC RESPONSES TO INVESTMENT SHOCKS BY SELECTED MULTINATIONAL CORPORATIONS (MNCs) IN KENYA

AMINAH MUKUNA MUTWA

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

November, 2016

DECLARATION

This research project is my original work and has not been presented to any other university or institution.

Sign…………………………………….Date…......................

AMINAH MUKUNA MUTWA

REG. No: D61/64124/2013

This research project has been submitted for examination with my approval as university supervisor:

Signature …………………………….   Date……………………………

MR. VICTOR NDAMBUKI

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

LIST OF ABBREVIATIONS AND ACRONYMS

GDP…………………………………………. Gross Domestic Product

ICT………………………………………..Information and Communication Technology

KBS………………………………………..Kenya Bureau of Statistics

MNCs…………………………………… Multinational corporations

USA……………………………………… United States of America

UK……………………………………..…… United Kingdom

DEDICATION

This thesis is dedicated to my parents Augustus Mutunga and Christine Mutwa, my lovely husband Meshack Sogey Kipng'etich, my lovely daughter Eliana Berur and siblings Nelson Mutwa and George Nzivo with love.

Thanks for your love and support.

God has been faithful!

ACKNOWLEDGEMENT

With heartfelt gratitude, I wish to acknowledge my supervisor Mr. Victor Ndambuki, for his guidance, critical comments, advice, and the encouragement they provided unto me throughout the period of my research.

I also thank my family, friends, and colleagues for their time, moral and material support. Finally yet important, my sincere heartfelt gratitude and thanks goes to the Almighty God for keeping me healthy and making this thesis a success.

ABSTRACT

Multinational corporations (MNCs) operate in divergent environments of diverse political, economic, sociological, technological, environmental, and legal factors. Previous investment shocks provide pointers to possible MNCs strategic responses, but given new investment shocks, it is difficult to predict their trends or prescribe the course of actions that may be successful. This study sought to identify the investment shocks faced by selected MNCS in Kenya and establish their strategic responses to the identified investment shocks. The researcher used a descriptive survey to gather information from 15 selected MNCs in Kenya, which was attributed to its broad application in planning, monitoring and evaluating policies. Descriptive statistics was used to analyse the data, which included percentages, measures of central tendency and standard deviations using Microsoft Excel 2007 package. It was determined that economic factors including global trade, world financial markets, market forces, and global competition were likely to cause investment shocks with a mean of > 3.80 on a 5-point likert scale. The MNCs responded mainly by use of insurance and disaster management preparedness strategies that had a mean value of > 3.81 on a 5-point likert scale. The participation of stakeholders in decision making, resource allocation and performance contract reviews were frequently used responses to investment shocks. The study recommends that various MNCs to adopt stakeholders' participation strategy, employment of instrument of information, disaster management and preparedness and use of insurance in coping up with the identified investment shocks. It is hoped that this research will provide a baseline for further study on trends in investment shocks and their coping strategies.

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE: INTRODUCTION

1.1. Background

Multinational corporations (MNCs) operate in divergent environments of diverse political, economic, sociological, technological, environmental, and legal factors (Porter, 1998). They operate in a host country of their preference. The main concern of the MNCs is strategically responding to events that are unpredictable and affect the operation of a given MNC, referred to as investments shocks; amidst competitive market for a limited supply of investment resources. Previous investment shocks provide pointers to possible MNCs strategic responses, but given new investment shocks, it is difficult to predict their trends or prescribe the course of actions that may be successful. In reality, most strategic managers prefer doing strategic plans to respond to the investment shocks. Most MNCs respond strategically to economic shocks by cutting down operational costs and investment in product innovation, development and marketing. The choice of the response strategy greatly determines the success of the MNCs in period of economic breakdown (Meyer,*et al*, 1990).

Several theories have been advanced to explain the strategic responses by the MNCs to investment shocks including; resource dependency theory, dynamic capability theory and stakeholder theory. The resource dependency theory proposes that MNCs with more resources are likely to strategically respond to investment shocks faster that the inferior ones (Eisenhardt & Martin ,2000). The dynamic capabilities theory is an advancement of resource dependency theory and includes value, customer-oriented structures, and systems, innovation oriented structures, and employee oriented structures (Bowman & Ambrosini,2003). Both theories assume that MNCs can be conceptualized as bundles of resources and capabilities. These resources and capabilities cannot be sold in the market and are characterized as being valuable, rare, inimitable and non-substitutable (Eisenhardt & Martin, 2000). Finally, the stakeholder theory postulates that the ability of MNC’s to strategically respond to investment shocks is dependent on the stakeholders who have the ability to affect the achievement of the organization (Charitou & Markides,2003).

MNCs in Kenya were established back in the colonial period. Majority of the multinational corporations are of European origin with over sixty percent of them being foreign-owned. The most widespread foreign MNCs operating in Kenya are in the service and manufacturing sectors. More than 70% of these MNCs are located within the capital city. With installation of the optic fibre cables, there has been increased communication with the parent company, which has stimulated growth of the banking, technology, and agri-business export sector. Besides, mining has also proven a viable sector for MNCs’ investment in Kenya giving example of the Tullow oil company in Turkana and Titanium Based plant at the south coast.

1.1.1. Concept of strategy

The concept of strategy may be ambiguous but Charitou& Markides (2003) explain that behind every successful company, there must be a superior strategy in spite of how it was formulated. Strategy originates from Greek word ‘strategos’ that means role of an individual and relates to management. It involves a long range planning with well-stated objectives and goals, a balance between external environment, internal resources, and capabilities (Allio, 2005). A precise definition of strategy by Kepner-Tregoe consultants that stands out defines strategy with four key words of framework, choices, nature, and direction as a framework within which the choices about the nature and direction of an organization are made (Kepner-Tregoe, 2001).

Firstly, framework defines boundaries or clear criteria within which the MNC's scope lies. Secondly, the choices to be made by MNCs include the products and services to offer or not to, their resources, capabilities, and stakeholders needed to take the products and services to the markets and their target market. Furthermore, the nature of MNC defines its reasons for existence such as banking or hospitality industry. Lastly, the direction connotes where a given MNC is heading. With increased globalization and changing external environment, the occurrence of investment shocks including political, social, cultural, and technological shocks are inevitable. The strategic response of the MNC amidst of investment shocks is critical in ensuring the long-term survival of any organization(Barrett, 1990).The historical and evolutionary perspective on strategy helps to understand the various responses of MNCs to investment shocks(Sterling, 2003). This includes the ten schools of thoughts by H. Mintzberg of design, planning, positioning, entrepreneurial, cognitive, learning, political, cultural, environmental, and configuration school. Moreover, H. Mintzberg describes further the 5P's of strategy of plan, play, pattern, position and perspective (Mintzberg, 2009). The success of any MNC is based on a structured system of objectives and goals and process of striking a balance between external environment, internal resources, and capabilities. The strategic process is rational with deliberate calculations and analysis that are designed to create competitive advantage. This explains the relative strategic responses of MNCs to investment shocks of why some recover faster from investment shocks than others.

Each strategy is seen to undergo three stages in its life cycles of strategy formation, strategy implementation, and strategy reformulation. Strategy formation involves creation of strategic intent, identification of core capabilities resources and competencies, development of industry foresight, and identification of the required new competencies (Allio, 2005; Barrett, 1990). In addition, strategy implementation involves strategy articulation, codifying, evaluation, elaboration, and execution. Lastly, the strategy undergoes reformation, which involves redesigning of re-evaluating.

1.1.2. Strategic responses

With increased globalization and change in the twenty first century, the strategic response to investment shocks by MNCs is inevitable. MNCs need to create and implement an operational strategy in order to excel in the current market place (Kepner-Tregoe, 2001). They need to create and implement effective strategies in order to excel amidst of the investment shocks (Bigelow & Chan,1992).This calls for ownership, devotion, involvement and full understanding of the strategies by various stakeholders within the MNC for effective implementation.

The strategic responses are based on a nature of framework within which the MNCs make choices about the nature and direction of work (Boston & Hrebiniak,2006). Several strategic responses by MNCs are applied that may involve structural reorganization, operation optimization, distribution and sales optimization, cost cutting, expansion of geographic channels, brand and product mix re-definition, and external growth(Freeman, 1999).Cutting down the operating costs and divestment of non-core assets is popular amongst many MNCs for short-term response to economic shocks. It encompasses closure of some MNCs, mass lay-off, expenditure cuts on a wide range of activities including entertainment, research and development, marketing and employee training. The choice of the respond strategy greatly determines the survival of the MNC.

1.1.3. Investment shocks

Investment shocks are unpredictable events that affect the operations of a given MNC. They are seen as events that upset the well-being of MNC and affect the firm's stakeholders, resources, and capabilities. They arise because of uncertainty in the operating environment as whether to receive returns on investments or not and account for 50-60% of the variance of output of the MNCs (Mintzberg, 2009). Based on their scope, investment shocks can be categorized in four categories of covariant shocks such as terrorism, armed conflicts, political instability, financial crisis and social unrest, social shocks such as cultural, civil unrest, violence, crimes, eviction, economic shocks that include business closure, technological, mass layoff, price fluctuations, wage cuts and natural shocks such as droughts, earthquakes floods (Mintzberg, 1992).

Investment shocks are widely believed to have damaging effects on performance of MNCs. This brings out the questions of whether to alter the existing organizational structure or not. The environmental factors include political forces such as trade barriers, intellectual property rights, privatizations, technological forces such as transport revolution, information and communication revolution, economic forces such as global trades, world financial markets, market forces, global competition, and social forces that include consumerism, convergence of customer tastes, education and skills (Charitou & Markides,2003).

1.1.4. Multinational Corporations (MNCs) in Kenya

The choice of MNCs' investment in Kenya is brought about by the favourable internal and external environmental factors including strategic location, political stability and technological knowhow (Bigelow & Chan, 1992). Kenya forms a regional center for trade and finance for foreign MNCS with two hundred and twenty six foreign MNCs being hosted in Kenya. Over ten MNCs have their regional headquarters in the Kenyan capital city (Nairobi).These are; PricewaterhouseCoopers, General Electric, Google, IBM, Visa International, Pepsi, Nestle, Foton Automobiles, Procter &Gamble and Huawei.

The multinationals were established as early as 17th century and currents over 60% are owned by the foreigners. Over 70% of the multinational are located in Nairobi and its environs including industrial areas, Westland, Upper hill and Mombasa road. There exist opportunities for investments by the MNCS in agro processing, horticulture, Information and Communication Technology (ICT), hospitality and banking sectors (Awino *et al*., 2012). Recently, the oil, gas and mining industries have seen entry of multinationals with expertise in the fields. The existence of MNCs in developing countries such as Kenya serves as a platform for increased financial infrastructure, technological transfer, and expansion of social networks. For the success of the MNCs in Kenya, there exist superior strategies to respond to investments shocks. Currently, the investment shocks facing the country include terrorism, and volatility of the Kenyan shilling.

1.2 Research problem

Strategic responses are the various mechanisms that MNCs employ in face of investment shocks in their contemporary environment (Bigelow& Chan, 1992). The adequate and prompt response to these investment shocks determines the success of the MNCs. Better-resourced multinationals are more likely to recover from investment shocks as opposed to the inferior ones. The environments in which MNCs exist are bound by political, economic, sociological, technological and legal forces that may result to investment shocks. Three problems of politics, power and performance exists in the leadership of MNCS thus they have to set up strategies to respond to the investment shocks otherwise they will risk being thrown out of market or collapsing (Charitou & Markides,2003).In spite of these problems, there are open doors for success of multinationals that have superior strategies.

Some of the Multinationals have been able to excel amidst of investment shocks including security company G4s, Beverage companies Delmonte and Coca cola, Intercontinental hotels franchises, Knight Frank and Daly & Figgs law firms. Previous studies on strategic responses to investment shocks are based in terms of macroeconomic recession or rather falling of national Gross Domestic Product (GDP) and then environmental turbulence of shocks, hostility, and secular decline. The ups and down seasons experienced by MNCs have been there since time immemorial as identified by Kondratiev economic cycle of expansion, stagnation and recession (Mager, 1987). However, Freeman (1984) added the fourth and fifth cycle of Kondratiev wave based on oil, cars, mass production, and information technology (IT), which explain aspect of globalization though limited to globalization challenges.

More studies have been done on organizational culture (Dosoglu-Gunner, 1999) and Centralization of Decision Making (Jaworski & Kohli, 1993) as key factors influencing MNC strategic decision formulation and implementation. Stewart *et al* (2015) also describe changes in political and regulatory risk as a trend in international business management that affect strategy implementation as most economic shocks are associated with political cycles. In addition, Anne and Kjaer (2015) describe two major economic problems of inflation and high unemployment that can result in public discontentment and political unrest leading to investment shocks.

In addition, literatures on strategic response to investment shocks by horticultural export companies have been done in Kenya. The shocks include competition for customers and new markets arising; accrued to the private standards of United Kingdom and European Union legislation (Muthoka & Ogutu 2014). Besides, with the recent liberalization in the horticultural markets, western retailers remain influential in the horticultural industry creating investment shocks to the Kenyan-based MNCs, (Muendo & Tschirley, 2004). Another study on strategic responses to challenges of international expansion by Agha Khan Hospital has been done by Wanjugu Ruth (2013) though limited to expansion challenges and not investment shocks. Moreover, Mwenda (2004) did a study to investigate on impacts of terrorism on international business investment decision by MNCs in Kenya that relates to strategic responses to investment shocks. Mugambi (2003), also investigated on environmental turbulance that relates to investment shocks using a case study on the strategic responses of tourist hotels to the changes in the environment. Furthermore, John & James (2009) also made postulation on the question should multinationals invest in Africa? Lastly, Christine (2012) investigated on foreign market entry strategies used by British MNCs in Kenya that describes the investment shocks they face.

Despite these numerous studies regards strategic responses to investment challenges or rather shocks, much has not been said by the researchers on MNCs' strategic responses to investment shocks in Kenya. While local firms find it difficult to cope with investment shocks and some close down, the MNCs appear to be coping up easily in spite of the investment shocks. The current study seeks to answer the following research question; what are the strategic responses to investment shocks by the selected MNCs in Kenya?

1.3 Objectives of the study

The objectives of this study were;

i) To identify the investment shocks faced by selected MNCS in Kenya

ii) To establish their strategic responses to the identified investment shocks.

1.4 Value of the study

The study aimed at evaluating the types of investments shocks on selected MNCs with aim of gaining a deep understanding on the coping strategies. It also investigated the strategic responses of various multinationals in Kenya and recommended on the superior strategy to apply. The study sought to fill informational gaps on MNCs coping strategies and form a basis for further strategies for multinationals to cope with economic shocks.

The study has added to the limited literature directly focused on MNCs response in case of investment shocks. The literature will provide support for the analysis presented on response strategies to economic shocks that has to be demonstrated rather than assumed. It includes literature review from academic studies that include MNCs response to investment shocks, contemporary commentaries on the current crisis and the deliberation of a 'think-tank' involving top notch academic expert on business strategies.

Moreover, this study will serve as a good reference point to strategic management personnel by extending to wider literature on MNCs response to investment shocks, 'endgame' strategies in declining MNCs and their business turnaround strategies. MNCs will use the study as a basis of strategy formulation in a bid to recover in case of economic shocks.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter represents the literature review on different theories on investment shocks, the strategic responses of MNCs to investment shocks, challenges in implementing the strategies and operating environment resulting to investment shocks. This will lead in understanding the nature of the MNCs, the challenges of coping up with investment shocks and their strategic responses’ success or failure.

2.2. Theoretical background

Several theories explain the response strategies including resource dependency theory, dynamic capability theory and stakeholder theory. The theories will be discussed in the subsequent subsections.

2.2.1 Resource dependency theory

This theory conceptualizes different MNCs as a bundle of resources that must meet customers’ needs and wants (Mintzberg,1992). It forms a model of strategy for exploitation of market power of different MNCs. Differences in performance of MNCs is primarily because of resource heterogeneity across firms (Bowman & Ambrosin, 2003). MNCs, which are able to accumulate more resources and capabilities, have competitive advantage over others (Barney, 1991). These resources are characterized by being rare, valuable, non-substitutable, and imperfectly imitable.

Resources are thus sees as specific units that aid in attaining a specific kind of tasks. They are exploited for implementation of a certain process but are not changed. Resources are grouped into two categories of software (informational resources) and hardware (physical resources) and they must meet certain specification for execution of a given activity or process.

Resources are further classified into internal and external resources. Internal resources include tangible assets such as cash, inventory, real estate, equipment and intangible assets such as repute, brand names, patents, expertise, business processes and organizational culture (Bowman &Ambrosini,2003). The external resources include people, their knowledge experience, skills, and talents.

The strategic response of MNCs to economic shocks is based on the fact that MNCs, which tend to accumulate more profits have advanced systems and structure not just because they employ strategic investment but also in their management competence to create strategic moves or game plans, (Mintzberg, 2009). Business processes utilize people, machines, devices and tools, methodologies, tools and models and various tangible assets in execution of their plans. The position of the MNC to best utilize its available resources amidst the competitive forces determines its relative ability to strategically respond to investment shocks and create competitive advantage.

2.2.2 Dynamic capabilities theory

The dynamic capability theory is an advancement of the resource dependency theory. Dynamic is an inbuilt transformational capacity. Capability defines the MNC's ability to execute its relevant business processes and activities for increased performance in terms of profits, sales and increased market share by the deployment of the MNC's dynamic capabilities. Capabilities differ from the resources in that resources are stocks of available factors that are owned or controlled by the MNC, while capabilities are MNCs, capacity to deploy the resources, (Bowman, & Ambrosini,2003). Moreover, resources tend to be tangible for example financial and physical capital while capabilities tend to be intangible and embedded in the firm (Sterling, 2003). Dynamic capabilities are thus defined as the MNC's capability to in-cooperate and grow its internal and external competencies to address the rapidly changing environment (Eisenhardt ,& Martin, 2000). They form part of organizational and strategic routines by which managers acquire resources, modify them, integrate them, and recombine them to create competitive advantage over other MNCs.

The strategic response of MNC to investment shocks lies in its ability to find or create distinctive competency or rather deploy its resources amidst competition. This competition is seen as a process of accumulating, combining, and protecting unique skills and capabilities. The strategic responses of the MNC include its capacity to manage knowledge through learning and capacity development (Allio, 2005). Organizations use various business processes and activities to produce goods and services to consumers.

Dynamic capability of MNC includes value creation and development of structures and systems that are customer, innovation and employee oriented (Bowman, & Ambrosini,2003). This helps to answer the three aspects of strategic management of how to sustain a competitive advantage, how to adapt to a rapidly changing business environment and what is the impact of these changes on the company's capabilities (in terms of their future evolution) (Eisenhardt & Martin ,2000). The strategic response of MNC is therefore dependent on its ability to achieve new and innovative forms of competitive advantage, given distinctive managerial and organizational processes, specific MNC's assets position and evolutionary paths followed (Eisenhardt & Martin, 2000).

2.2.3 Stakeholder theory

Individuals or groups affect or are affected by organizations, achievement of their objectives and such are termed as the organizational stakeholders (Friedman,& Miles,2001). Stakeholders are entities with a declared or conceivable interest or stake in a policy concern Stakeholders and can be individuals, organizations, or unorganized groups, (Freeman & Evan, 1990). They fall into one or more of the following categories: international actors such as donors, national or political actors such as legislators, and governors, public sector agencies, interest groups such as unions, and medical associations, and commercial/private for-profit, non-profit organizations, civil society members, and users/consumers (Clarkson,1995).

Stakeholder theory provides an appropriate theoretical framework to analyse the relationship between business and society from a sustainable development point of view since it emphasizes values such as participation, inclusion and mutual dependence (Wheeler et al,. 2003). In regard to that, the success of MNC is thought as of grouping of stakeholders with main purpose of the MNC being management of the stakeholders' interests, need and viewpoints (Friedman, 2006). For the successful strategic response of MNC to economic shocks, the managers should create co-competencies of their strategies by involving all the key stakeholders.

The management of stakeholders is fulfilled the MNCs' managers. They should consider the interest of those who have stakes in a MNC as different stakeholders have contradicting goals, proprieties, and demands thus their management is critical. Managers should manage the organization for the benefits of stakeholders by striking a balance in participation amongst various stakeholders for sustainable innovation.

In the stakeholder analysis, four major attributes are considered including the stakeholders' position to reform issues the level of influence (power) they hold, the level of interest they have in the specific reform, and the group to which they belong or can reasonably be associated with (Freeman, 1999). The level of influence of the stakeholders is dependent on the resource allocation and the stakeholder's power to push for reforms. The perspective of the individual stakeholders and the work they perform is essential in management of MNCs. The stakeholders may work against the managers for failure to perform their duties or respect their rights. Therefore, the behaviours of the various managers are based on some ethical principles on how they should behave in execution of their duties. For the sustainable development of MNCs, the integration of stakeholder's insights into the process of organizational innovation is vital. The stakeholders' dialogue and their knowledge integration serve as an important tool in the strategic responses of MNCs to economic shocks.

The stakeholders' dialogue advantages MNCs' resources to promote two-way communication, transparency, and appropriate feedback to stakeholders thus enabling them in strategically respond to economic shocks.

2.3. Strategic responses to investment shocks

Despite optimism and promising market prospects, MNCs face a myriad of new challenges resulting from economic shocks. These result to increased pressure from the MNCs headquarters to reduce costs, cut or withdraw investments, and increase profitability, which calls for their strategic response to investment shocks. As Porter (1998) argues that strategy is about creating competitive position, customer differentiation and value creation through a mix of activities different from those used by competitors, MNCs adopt various strategic responses to keep profitable in market amidst of economic shocks aimed at cost reduction and increased profitability. The

MNC's strategy is defined by the combination of the ends (goals) for which MNC target and its means (policies).

To begin with, the MNCs respond to economic shocks through structural reorganization to facilitate interface and improve productivity structure. For the success of MNC, appropriate organizational structure is critical for effective management and cost reduction. Secondly, they may optimize their operations by designing reporting tools and dashboards that aid in reducing labour cost and increase efficiency. Other strategies may be used that include the review of the current performance contracts and issuing recommendations for cost reduction. For instance, most MNCs use in sourcing of procurement and human resource management functions to reduce operational costs, (Porter, 1998). Furthermore, product and service repositioning may be used that include low cost or price differentiation, image differentiation including distinctive design, support differentiation including quality after sales service and design differentiation including added or improved functionality of product.

2.4. Challenges in implementation of the strategy

The implementation of strategy involves managing change that is inevitable. The resistance to change is the greatest challenges faced by most of the MNCs in Kenya. Strategic response involves movement of MNC from a present state towards a set future in a bid to increase its competitive advantage (Houghton-Mifflin *et al.*,2006). Based on the stakeholders' theory, the behaviour of different stakeholders determines the failure or the success of the strategic managers (McCarthy et al, 1986).

Investment shocks may also results to resistance in strategy implementation because of the prevailing fear of economic loss, uncertainty, and breakdown of social networks. Failure to strike a balance amongst the various stakeholders results to resistance to the top management personnel. Implementation pitfalls include; isolation, lack of stakeholder commitment, strategic drift, strategic dilution, initiative fatigue, impatience, and failure to celebrate are some of the challenges to implementation of strategies as described by Sterling (2003). Porter’s five competitive forces: Evaluation of the negotiation position of existing customers and suppliers, entry barriers, threat of appearance of new substitutes, and intensity of competitors,(Mintzberg, 1992).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter focuses on the research methodology that was used to achieve the study objectives. It includes the research design, study population, sampling design, data collection, and analysis techniques.

3.2. Research design

The research design was a descriptive survey of MNCs in Kenya. This approach was most suitable for gathering descriptive information of the selected MNCs in Kenya as it has a broad application in planning, monitoring and evaluating policies (Dawson & Catherine, 2002). Moreover, the approach was quick and of low cost as compared to observation and experimental methods (Kumar & Ranjit, 2005). Furthermore, a survey was more appropriate in covering the questions that do not require control over events including questions that ask why and how, (Mugenda & Mugenda, 2003).

3.3. Population of the study

The target population was all multinational firms operating in Kenya as at March 2016. These MNcs own operations and assets in other countries other than their home countries. They have a head office where they coordinate the global activities. According to Kenya Bureau of Statistics (KBS) survey in 2015, there were 226 MNCs hosted in Kenya. The MNCs were compared based on their country of origin, organizational structure, ownership structure, year of incorporation, and size.

3.4. Sampling Design

A sample is defined as a segment of the population selected to represent the population as a whole (Dawson & Catherine, 2002). It is intended to be used to make conclusions regarding the characteristics of the larger population. Sampling is thus defined as an organized process of selecting a number of individuals or objects for a study to represent the entire group (Kothari, 2004). A non-probability sample of fifteen MNCs in Kenya was selected. Several factors were considered while sampling including the population type, complexity, purpose, time constraints and previous studies in the field. In addition, non-probability sampling was more appropriate in meeting the research objectives by providing detailed explanation on investment shocks and their coping strategies. This sample gave a true presentation of the MNCs in the British Council Data base.

3.5. Data collection

Questionnaires were used to collect the primary data. A combination of both closed-ended and open-ended questionnaires were used to enable the researcher to find out how many MNCs use a given strategic response approach and their perception of the same (Kothari, 2004). The closed-ended questions were more suitable as they provided a variety of possible responses for the respondent to choose from and thus they were easy to code and analyse (Dawson & Catherine, 2002). The questionnaires were comprised of three sections; section one on general information about the MNCs, section two on types of investment shocks experienced by the MNCs, and section three on strategic responses to the investment shocks.

The questions were structured on the basis of the types of investment shocks and their coping strategies. An introduction letter was sought from University of Nairobi School of business to the selected MNCS and a copy of the same letter availed to the subjects of the study. The questionnaires were hand delivered by the researcher to the strategic managers upon an understanding that the MNCs were willing and comfortable to respond to the different sections of the questionnaires, and where not possible drop pick later strategy was employed. The respondents were functional heads of department of the respective MNCs with work experience of over two years as they were better placed to understand the response strategies to investment shocks. The researcher provided clarification for the questions that were not understood well.

3.6. Data analysis

Quantitative data analysis was used for data analysis attributed to its suitability for well-designed and administered surveys (Denscombe, 2007). Data was cleaned to ensure that it is free from inconsistencies, and then coded. Descriptive statistics was used to analyse the data, which included percentages, measures of central tendency and standard deviations using Microsoft Excel 2007 package. (Mwenda, 2004) used a similar approach related to this study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

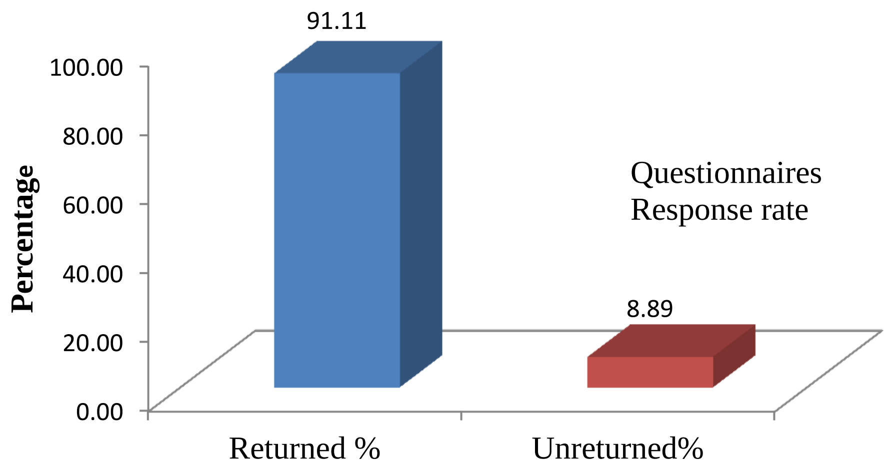
4.1. Introduction

This chapter presents the interpretation and presentation of the findings obtained from the survey. Tables and graphs have been used to represent the descriptive analysis of the results and discussions obtained from the structured questionnaires.

4.2. Response rate

This study targeted 15 selected multinational corporations for data collection with aim of identifying investment shocks that affect the firms and establish firms' strategic responses to the identified investment shocks. From the study, 41 respondents out of the 45 filled in the questionnaire and returned giving a response rate of over 90% as show in figure 1 below. This response rate was considered excellent as recommended by Weisberg *et al* (1996) who recommend a response rate of 70% and Mugenda &Mugenda (2003) who recommend that a response rate of above 50% as adequate, 60% good and 70% excellent, thus further analysis was done.

Figure 1: Response rate



Source (Research data, 2016)

4.3. General information

This section presents general information of the interviewees including functional responsibility, period of employment, duration of operation, nature of business, number of employees and coverage of the MNCs.

4.3.1. Functional responsibility

This sought to establish the functional responsibility of the respondents. The functional responsibilities of the respondents are shown in table 1 below. Majority of the respondents (29.27%) were in finance department, which is responsible for establishing operational and coping strategies by monitoring the financial performance of the MNCs to initiate corrective actions aimed at minimizing the impacts of variation.

Table 1: Functional responsibility

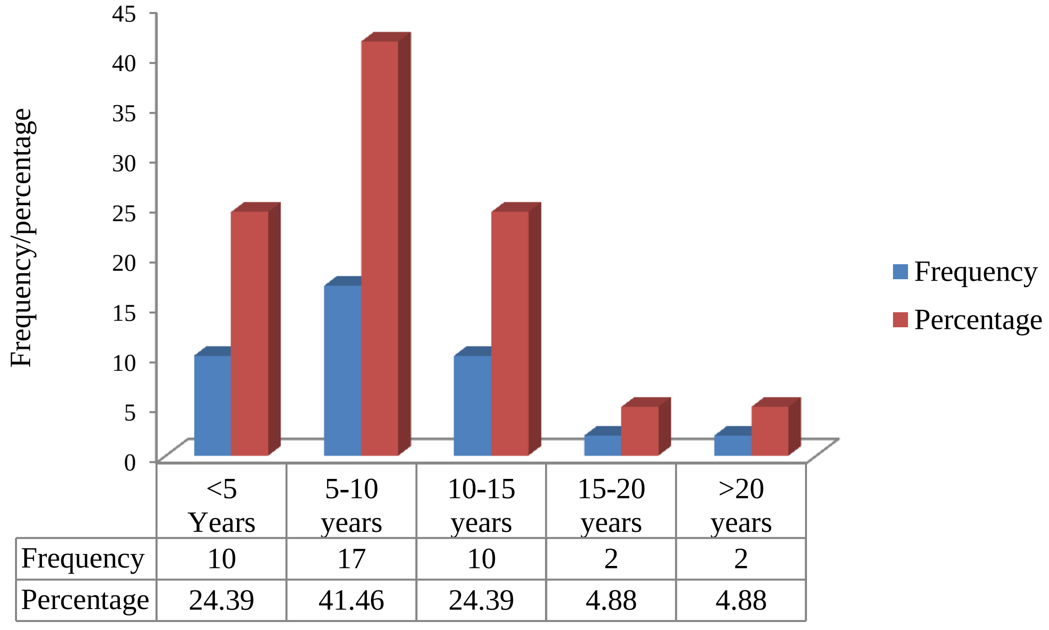
Functional Responsibility	**Frequency**	**Percentage (%)**
Senior Management	4	9.76
Human Resource Department	2	4.88
Finance department	12	29.27
Procurement	8	19.51
Quality assurance	8	19.51
Security department	5	12.2
Others	2	4.88

Source (Research data, 2016)

4.3.2. Period of employment

This sought to determine how long the employees had worked in the MNC as shown in table 2 below. Over 40% of the respondents had worked in the MNC for duration of 5-10 years. Less than 5% of the employees had worked in the MNCs for a period exceeding 15 years. Kirton (2000) states that the length of time spent in an organization leads to development of shared understanding and experiences.

Table 2: Period of employment



	<5 Years	5-10 years	10-15 years	15-20 years	>20 years
Frequency	10	17	10	2	2
Percentage	24.39	41.46	24.39	4.88	4.88

Source (Research data, 2016)

4.3.3. Nature of corporation's business

The scope of the business operation is shown in table 3 below:

Table 3 : Nature of corporations' business

Nature of the corporations business	**Frequency**	**Percentage**
Building and construction	2	4.88
Oil and gas	12	29.27

Consulting firm	14	34.15
Audit firm	6	14.63
Horticulture and food production	5	12.20
Others	2	4.88
Total	**41**	**100**

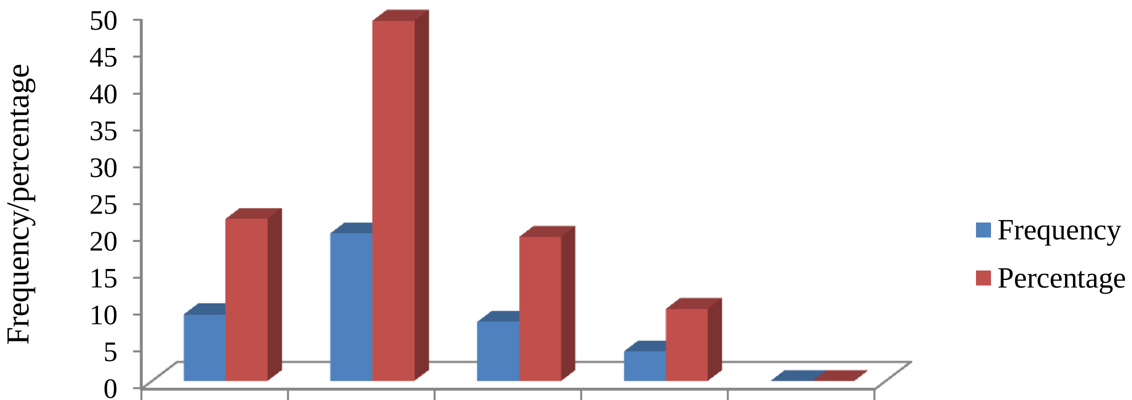
Source (Research data, 2016)

The consulting firms, oil, and gas had a higher frequency attributed to their widespread operations in Kenya.

4.3.4. Number of employees in the corporations

This sought to establish the size of the corporation. The results for the number of the employees are shown in table 4 below. Over 45 % of the MNCs had employees in the range of 50-100 that implied they were medium sized operations. There were no MNCs with employees over 500, which may be attributed advance in technology in most of their operations leading to reduction of human labour.

Table 4: Number of employees



	<50 employee	50-100 employeee	100-200 employee	200-250 employee	>500 employee
Frequency	9	20	8	4	0
Percentage	21.95	48.78	19.51	9.76	0.00

Source (Research data, 2016)

4.4. Types investment shocks

This section covers the identified investment shocks affecting MNCs in Kenya with a likert scale of 1-5 of their likelihood of occurrence. It was evident that the MNCs had experienced unpredictable event(s) that affected their performance negatively. These events included fluctuation of oil prices, political violence, trade barriers, poor financial management, and leadership conflicts amongst others.

4.4.1. Nature of investment shocks

This sought to describe the nature of unpredictable event(s) that have ever affected the MNCs negatively as shown in table 5 below. The events that were economic in nature had the highest frequency of occurrence (>30%). Political factors were also prevalent with mean value of >29%. The legal and social factors had the least frequency of causing investment shocks to the MNCs (<7%).

Table 5: Nature of investment shocks

Nature of shocks	Frequency	Percentage
Political	12	29.27
Economic	14	34.15
Social	2	4.88
Technological	3	7.32
Legal	2	4.88
Environmental	8	19.51
Total	**41**	**100**

Source (Research data, 2016)

4.5. Likelihood of Political, Economic, Social, Technological, Environmental factors (PESTEL) affecting the MNCs

The researcher sought to establish to analyse the likelihood of various factors of external business environment that would lead to investment shocks on the MNCs on a 1-5 point likert scale. The mean values were established and the factors are highlighted in the preceding sections of this chapter.

4.5.1. Political factors

Generally, the factors of trade barriers and taxation were most prevalent in affecting the MNCs 'operations. Terrorism and political instability also played a great role in causing investment shocks as witnessed in the recent past with a mean value of >3 on a 1-5 point likert scale as shown in figure. The intellectual property rights factors had least effect on MNCs and were less likely to affect the MNCs' operations.

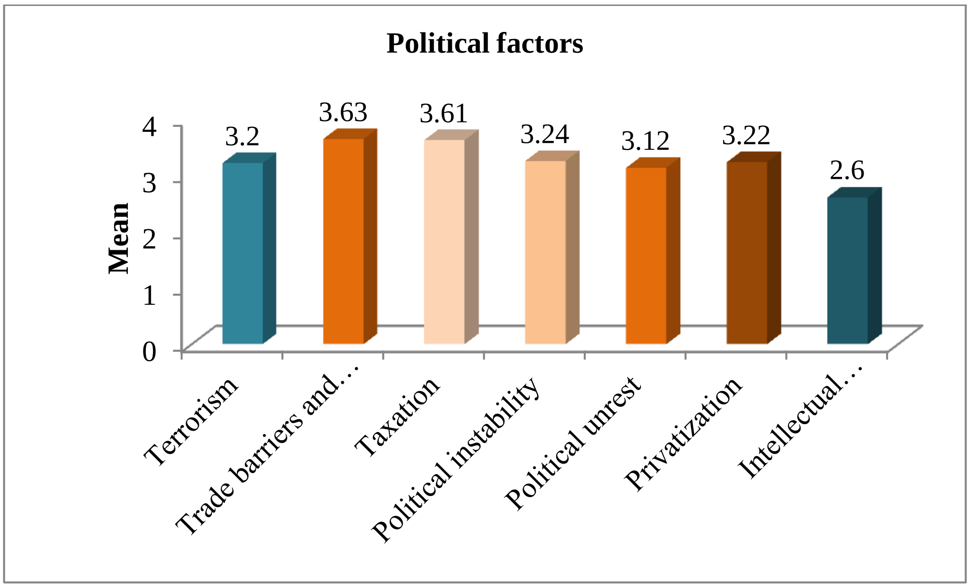


Figure 2: Political factors

Source (Research data, 2016)

4.5.2. Economic factors

The likelihood of economic factors causing investment shocks is shown in figure 3 below. The economic factors were likely to cause investment shocks with a mean value of > 3.5 on a 1-5 likert scale. The economic factors identified included fluctuation of oil prices, high debt crisis, market instability, poor financial management, auctioning of property and poor cash flow that were likely to have cause investment shocks to the MNCs. The effects of global trade were likely to cause investment shocks attributed to the global operations of the MNCs and high-risk rate of investment in the third world countries including Kenya.

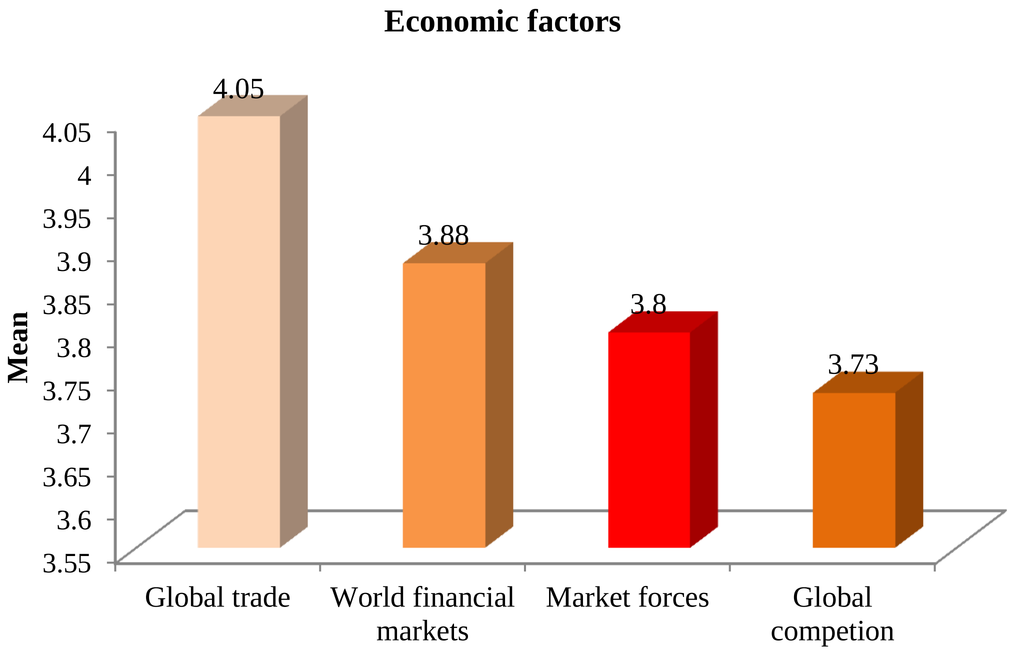


Figure 3: Economic factors

Source (Research data, 2016)

4.5.3. Social factors

The likelihood of social forces leading to investment shocks is shown in figure 4 below.

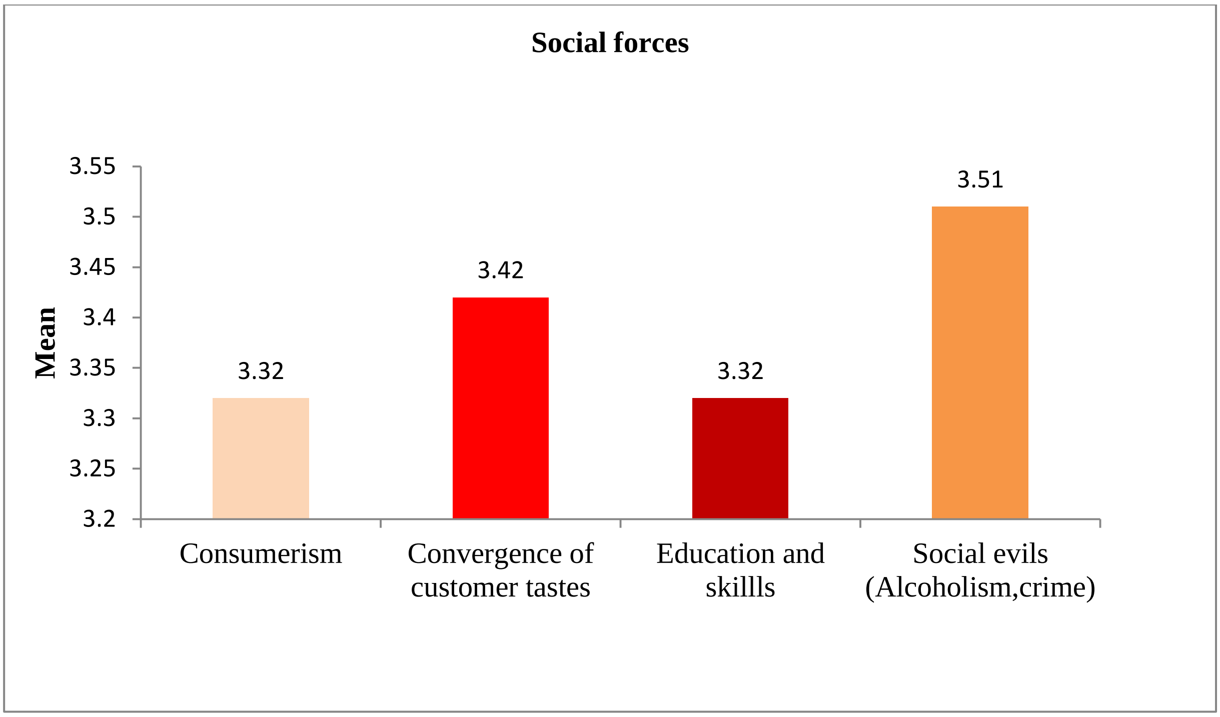


Figure 4: Social forces

Source (Research data, 2016)

The social forces were neutral on a 1-5 likert scale. Social evils including alcoholism, drug and substance abuse and robbery were prevalent on the social factors attributed to change of lifestyle and high unemployment rates experienced in the country.

4.5.4. Technological forces

The technological factors that included transport revolution and incorporation of Information technology were likely to cause investment shocks as attributed to mass lay off of workers and absoluteness of some technologies leading to loss of customers in some of the MNCs. The technological forces factors are shown in figure 5 below.

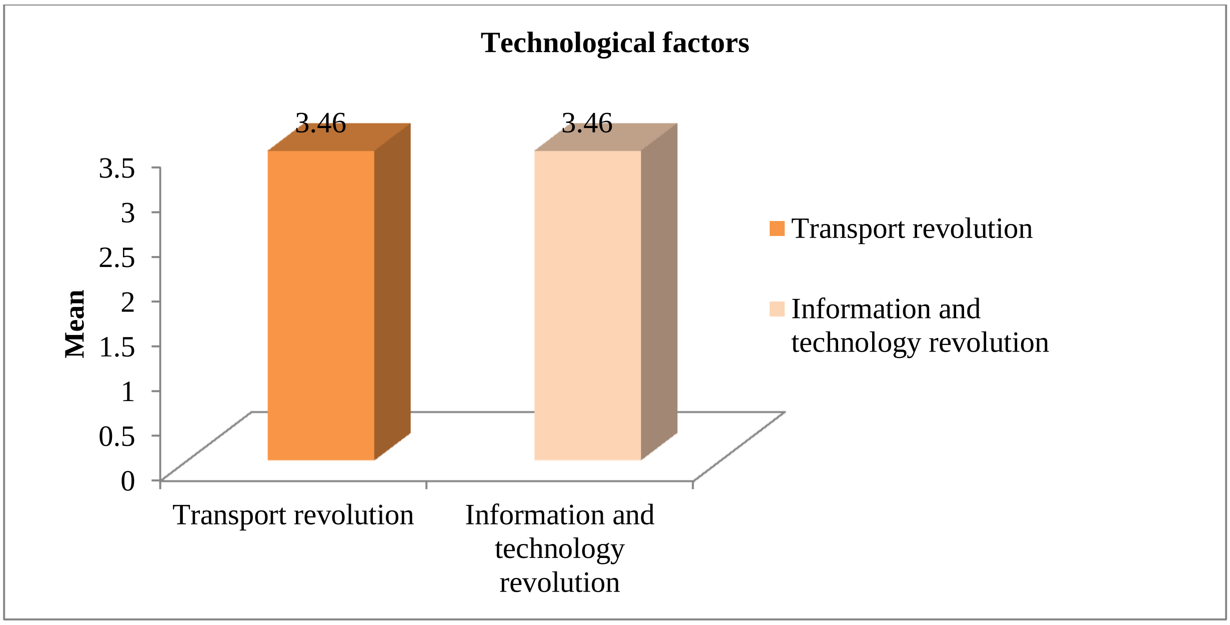


Figure 5: Technological factors

Source (Research data, 2016)

4.5.5. Environmental factors

The environmental factors are shown in figure 6 below. Insufficient Kenyan market was likely to cause investment shocks to the MNCs attributed to the nature of business of the MNCs surveyed.

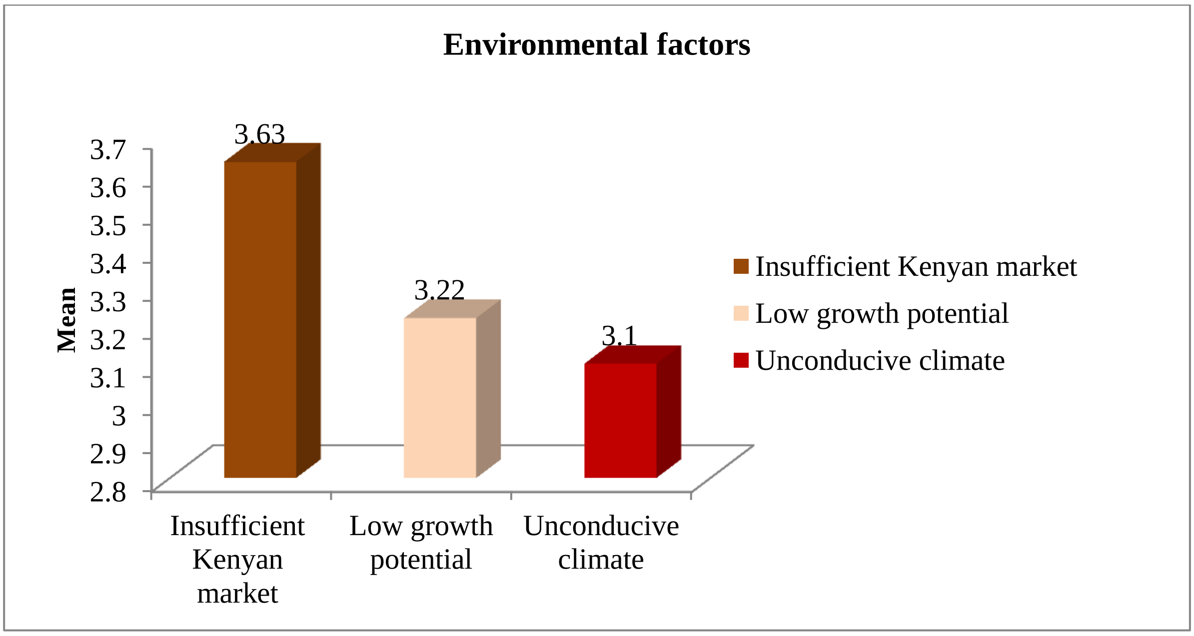


Figure 6: Environmental factors

Source (Research data, 2016)

4.5.6. Legal forces

The legal forces factors are shown in figure 7 below. Unconducive legal environment, limited understanding of taxation and business regulations and poor management were likely to lead to investment shocks including tax liabilities, strikes and delayed payments.

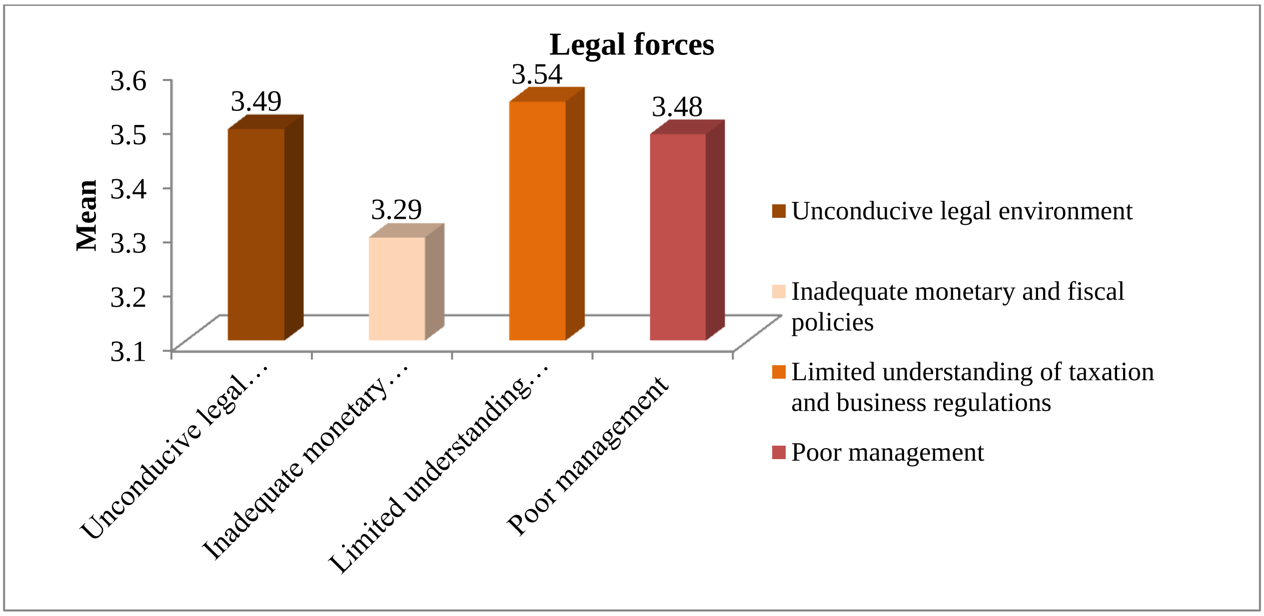


Figure 7: Legal forces

Source (Research data, 2016)

4.5.7. PESTEL analysis

The analysis of likelihood of PESTEL factors causing investment shocks is shown in figure 8 below. The economic, legal, and technological forces respectively had the highest likelihood of causing investment shocks.

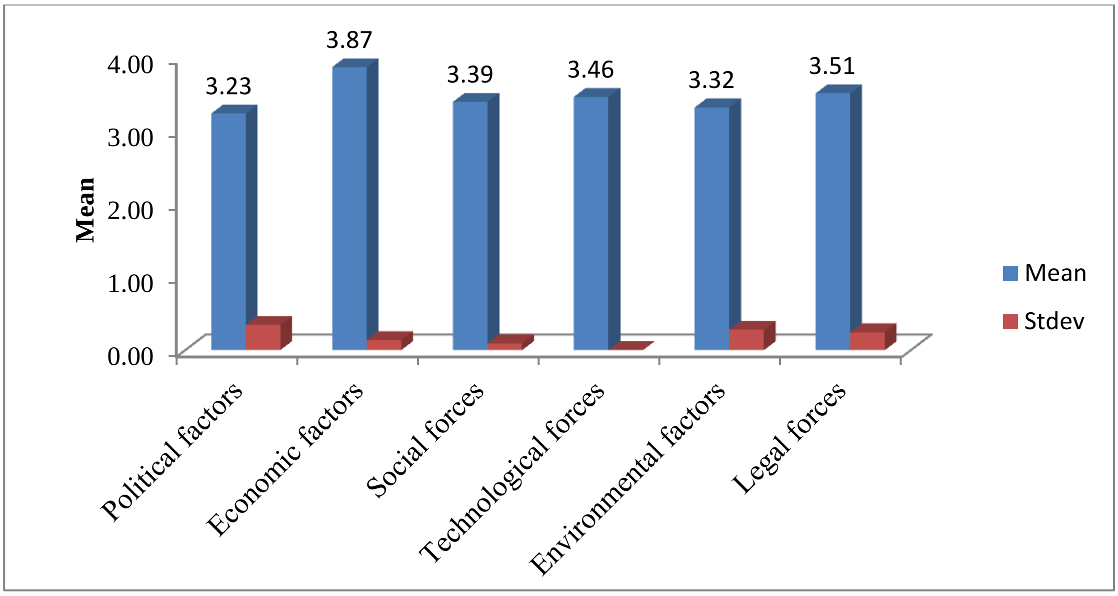


Figure 8: PESTEL analysis

Source (Research data, 2016)

This is evident attributed to change in the Kenyan markets, tax compliance requirement and advance in technology that renders some of the technologies obsolete. The economic factors that include global trades, world financial markets, markets forces and global competition had negative impacts on financial performance of less resourced MNCs as Eisenhardt & Martin (2000) describe that more resources are likely to strategically respond to investment shocks faster that the inferior ones.

4.6. MNCs' strategic response to investment shocks

This sought to achieve the second objective of the study, which was to establish their strategic responses to the identified investment shocks. The likelihood of various response strategies was established on a 1-5 point likert scale and the mean values determined.

4.6.1. MNCs' likelihood of use of stated strategic responses

The likelihood of the various MNCs using some of the stated strategic responses is shown in table 6 below. The participation of stakeholders in decision-making, use of performance contract reviews and resource allocation were most applied strategies in responding to investment shocks by the MNCs with mean values of > 3.5. This is similar phenomena described by Friedman (2006) who simulates that the success of MNC is thought as of grouping of stakeholders with main purpose of the MNC being management of the stakeholders' interests, need, and viewpoints. Moreover, Barney (1991) supports the strategy of resource allocation by stating that MNCs, which are able to accumulate more resources and capabilities, have competitive advantage over others The divestment of non-core assets and business closure strategies were least applied to respond to the investment shocks with mean value of < 3. This is attributed to global operations on the MNCs in which the larger company would opt for sale of shares for the foreign investments.

Table 6: Response strategies

Response strategies	Mean
Deployment of resources	3.56
Participation of stakeholders in decision-making process	3.68
Resource allocation	3.61
Stakeholders dialogue	3.44
Cost reduction	3.12
Withdrawal of investment /shares	3.15
Business closure	2.71
Structural reorganization	3.41
Designing reporting tools to reduce labour cost and increase efficiency	3.54
Performance contact reviews	3.63
Product and service repositioning	3.41
Retrenchment	3.07
Divestment of non-core assets	2.78
Average	**3.32**
Standard deviation	**0.322**

Source (Research data, 2016)

4.6.2. MNCs' strategic response in relation to some of the strategies

This sought to identify implementation strong points to strategically responding to investment shocks as shown in table 7 below. The use of insurance was the most applied strategic response to investment shocks by the MNCs with a mean value of greater >3.9. Disaster management preparedness, involvement of stakeholders in decision making, and employee education awareness were also likely to be used that support the stakeholder theory described by Wheeler *et al* (2007) that provides a theoretical framework to analyse the relationship between business and society from a sustainable development point of view. It emphasizes values such as participation, inclusion, and shared dependence.

Table 7: Application of response strategies

Application of response strategies	**Mean**
Disaster management and preparedness	3.81
Use of insurance	3.91
Involvement of stakeholders in decision making	3.63
Government interventions	3.44
Employment of instrument of information	3.56
Employee education and awareness	3.63
Deployment of resources	3.55
Average	**3.65**
Stdev	**0.161**

Source (Research data, 2016)

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter summarises the entire study by drawing conclusions and recommendations from the study. The conclusions and recommendations induce the objectives and value of the study.

5.2. Summary of the findings

Generally, the response rate from the survey was excellent. Most of the respondents had worked in the organization for period between 5-10 years that is good for development and sharing of experiences thus gave viable information. The MNCs had in one way or another experienced investments shocks that they were able to cope up with and had a good perceived future of existence in Kenya. The economic and political related shocks had the highest likelihood of occurrence in most of the MNCs, which was greater than 50 % of the evaluated factors. The MNCs response strategies included the participation of stakeholders in decision-making, use of performance contract reviews and resource allocation that supported the stakeholder and resource-dependency theories.

5.2.1. Investment shocks faced by selected MNCs in Kenya

Among the PESTEL factors, the economic and political factors were most prevalent with values 34.15% and 29.27% respectively. Attributed to the global coverage of the MNCs, factors of global trade, world financial markets, market forces and global competition were likely to cause investment shocks with mean value of >3.5 % on a 1-5 point likert scale. The mentioned economic factors included fluctuation of oil prices, instability of

Kenyan currency exchange rates, high debt crisis, and poor financial management. On the other hand, political factors including trade barriers and taxation affected the MNCs negatively with prevalence > 3.6 on a 1-5 point likert scale. With limited understanding of taxation and business regulations and inadequate monetary and fiscal policies, the MNCs were likely to face investment shocks. Moreover, information and technology revolution and transport revolution has negative impacts on the MNCs as witnessed by mass lay off of workers due to automation of MNCs' operations and rendering of some technologies obsolete. Lastly, an environmental factor of insufficient Kenyan market was likely to affect the MNCs negatively with prevalence > 3.6 on a 1-5 point likert scale.

5.2.2. Strategic responses to identified investment shocks

The MNCs responded mainly by involvement of stakeholders in decision-making process, use of performance contacts, resource allocation and deployment that had a likelihood of > 3.5 on a 1-5 point likert scale. Of the mentioned response, strategies included product service repositioning, quality assurance, stakeholders' dialogue, cost reduction, and designing of reporting tools that supported the stakeholders and resource-dependency theories. The use of insurance, disaster management and preparedness and employees' education and awareness were likely to be implemented in coping up with investment shocks. Government intervention strategy was least likely to be employment in coping up with investment shocks with mean value of < 3.5 on a 1-5 point likert scale.

5.3. Conclusion

The study concludes that most of the MNCs had experienced investment shocks and attempted to cope up with them. Economic and political related investment shocks were likely to affect the MNCs operations in Kenya, thus coping through stakeholders' involvements, compliance with tax requirements and deployment of resources was inevitable. With advance in technology, technological update was unavoidable. The time spent in an organization was critical in development of shared understanding and experiences of the MNCs' operations to understand the coping strategies to the identified investment shocks. Five to ten years of experience was good enough to develop such shared experience and understanding of the investment shocks.

The response strategies by the MNCs including participation of stakeholders in decision-making and resource allocation that had a mean of >3.5 on a 1-5 point likert scale support the stakeholders' and dynamic capability theories respectively. The stakeholders' theory emphasizes on participation, inclusion, and shared dependence of the stakeholders while the dynamic capability theory, which is advancement of the resource dependency theory proposes that the MNCs' success was dependent on their capacity to deploy resources.

5.4. Recommendations

The study recommends various MNCs to adopt stakeholders' participation strategy, employment of instrument of information, disaster management, and preparedness and use of insurance in coping up with the identified investment shocks. It is also recommended that the MNCs should ensure the longevity of the employees in management as this help to develop shared experiences and understanding of the MNCs' functions, the challenges, and the coping mechanisms to the identified challenges. Besides the allocation of resources, the study recommends that the MNCs should establish monitoring policies for resource deployment to efficiently and ensure the strategy implementation is a success.

5.5. Suggestion for further study

The study suggests furthers studies to be done on trends of investment shocks and coping strategies with time as previous investment shocks provide pointers of possible MNCs strategic response but given new investment shocks, it becomes difficult to predict the trends. A descriptive survey of 15 MNCs was used due to limitations of time and finances, thus the study recommends for future study with a large population for increased reliability of the data. Consequently, strategy involves a framework within which choices about the nature and direction of an organization are made, thus there is need to conduct a study to develop a conceptual framework on MNCs strategic response to various economic shock. This should be aimed at defining clear criteria for the scope of MNCs, their choices of products and services to offer or not in case of economic shocks, the stakeholders to be involved, their response strategies, and direction they are heading to.

REFERENCES

Boston, M.,A. & Hrebiniak, L.G. (2006). Obstacles to Effective Strategy Implementation. *Strategic management, 35*, 12-31.

Allio, M. (Ed.). (2005). A Short, Practical Guide to Implementing Strategy. *Journal of Business Strategy,26, 26*, 12-21.

Anne, B., & Kjaer, L. (2015). In *Macro Trends 2015 + - Looking at society and tomorrow's people.*

Awino, Z.B, Muchara,M., Ogutu, M, & Oeba, L. K. . (2012). Total quality and competitive advantage of firms in the horticultural industry in Kenya. Prim 521-532. *Journal of Business Administration and Management., 2*(4), 521-532.

Barrett, G. (1990). Survival tactics for a business slowdown. *Journal of Accountancy*(November), 40-44.

Bigelow, R. & Chan, P. (1992). Managing in Difficult Times: Lessons from the Most Recent Recession'. *Management Decision, 30*(8), 34-41.

Bowman, C. & Ambrosin, V. (2003). How the resource-based and the dynamic capability views of the firm inform competitive and corporate level strategy. *British Journal of Management, 14, 14*, 289-303.

Bremmer, I. & Keat, P. (2009). The fat tail: The power of political knowledge for strategic. New York:: Oxford University Press.

Charitou,C.D.,& Markides,C.C. (2003). Responses to disruptive strategic innovation. *MIT sloan management review*, 55-63.

Christine, N. (2012). Foreign entry entry strategies used by British Multinational corporations in Kenya. *(Unpublished MBA thesis) university of Nairobi*.

Clarkson, M. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *Academy of Management Journal*, *1*(20), 92-118.

Clarkson, M. (1995). A Stakeholder Framework for Analyzing and EvaluatinG Corporate Social Performance. *Academy of Management Journal*, *20*(1), 92-118.

Dawson & Catherine. (2002). In *Practical Reserch Methods*. New Delhi: UBS Publishers' Distributors.

Denscombe, M. (2007). The Good Research Guide for Small Scale Social Research Projects. New Delhi: Viva Books Private Limited.

Eisenhardt, K. & Martin, J. (2000). Dynamic capabilities: what are they? *Strategic Management Journal*, 1105-1121.

Freeman, C. (1984). In *Long Waves in the World Economy (Edited)*. London: Pinter.

Freeman, R. (1999). Response: Divergent Stakeholder Theory. *Academy of Management Review,, 24*(2), 233-236.

Freeman, R.E & Evan, W.M. . (1990). Corporate Governance: A stakeholder Interpretation. *Journal of Behaviour Economics*, 337-359.

Friedman, A.L. & Miles, S. (2006). In *Stakeholders: Theory and Practice*. New York: Oxford University Press.

Friedman, A.L. & Miles, S. (2001). Developing a Stakeholder Theory. *Journal of Management and Studies, 39*(1), 21.

Kepner-Tregoe. (2001). Creating Strategic Excellence. *Strategic response, 2*(1).

Kirton, D. (2000). *Race, Ethnicity and Adoption*. Philadelphia: Open university press.

Kothari, C. (2004). Research methodology; Methods & Techniques. (2nd Revised Ed.). India: New Age International (P) Ltd.

Kumar & Ranjit. (2005). In *Research Methodology-A step-by-step guide for Beginnners, (Second Edition).* Singapore: Pearson Education.

Mager, N. (1987). In *The Kondratieff Waves.* Newyork: Praeger.

Meyer, A., Brooks, G. & Goes, J,. (1990). Environmental Jolts and Industry Revolutions:Organizational Responses to Discontinuous Change. *Strategic Management Journal, 11*(5), 93-110.

Mintzberg, H. (1992). Structure in fives:Designing effective organization. Upper Saddle River, NJ: Prentice Hall.

Mintzberg, H. (2009). Tracking strategies: Toward a general theory of strategy formation. Newyork: Oxford University press.

Muendo, K. M., & Tschirley, D. (2004). Tegemeo Institute of Agricultural Policy and Development. *8*.

Mugambi, M. (2003). The Strategic Responses Of Tourist Hotels To The Changes In The Environment, A Case Of Tourist Hotels In Nairobi. *(Unpublished MBA Project), University Of Nairobi*.

Mugenda, A.G., & Mugenda, O.M. (2003). Research Methods: Quantitative and Qualitative Approaches. . Acts Press.

Muthoka, M. N., & Ogutu, M. (2014). Challenges Facing the Horticultural Sector in Nairobi County , Kenya,. *19*(2), 121–124.

Mwenda, K. (2004). The impacts of terrorism on international business investment decisions by Multinational corporations in Kenya. *Unpublished MBA thesis, University of Nairobi*.

Porter, M. (1998). Creating and sustainingsuperior performance. New york press.

Sterling, J. (2003). Translating Strategy into effective Implementation; Dispelling the Myths and Highlighting what works, Strategy and Leadership. *Strategic Management Journal, MCB UP Ltd*.

Stewart, J., Vella, J. & Beatty, S. (2015). 10 Emerging Trends for 2015 Trends that will change the world of infrastructure over the next 5 years Foresight.

Weisberg,H., Krosnick, J.A,& Bowen, B. (1996). *Introduction to Survey research, polling and data analysis.* Thousand Oak, CA: Sage.

APPENDIX 1: LETTER OF INTRODUCTION

Aminah Mukuna

c/o University of Nairobi

School of Business

Nairobi, Kenya

mukunaaminah@yahoo.com

Date:………………

The ……………

Dear Sir/Madam,

<u>REF: MBA research Questionnaire</u>

The above refers. I am post graduate student at the University of Nairobi undertaking an MBA (Master of Business Administration). As part of my study work, I am required to carry out a research study on strategic responses to investment shocks by selected Multinational Corporations (MNCs) in Kenya. Your esteemed organisation was selected as part of the sampled population.

I kindly seek your permission and time to fill out the attached questionnaire. The data collected will be treated with confidentiality and will be used for academic purposes only.

Yours sincerely,

Aminah Mukuna

APPENDIX 2: QUESTIONNAIRE

SECTION I: BACKGROUND INFORMATION

In this section, please tick the appropriate response.

1. What is your the functional responsibility in the corporation?

   □Senior management

   □Human resource department

   □Finance department

   □Procurement department

   □Production department

   □Quality assurance department

   □Security department

   □Other (*Please specify)……………………………………………………*

2. How long have you worked in the corporation?

   ……….. (years)

3. How long has the multinational corporation been operating in Kenya?

   □Less than 5 years

   □5-10 years

   □10-15 years

   □15-20 years

   □Over 20 years

4. What is nature of the corporation's business? (*Please tick one*)

   □Building and construction

   □Oil and gas

   □Consulting firm

   □Audit firm

□Horticultural/ food production

□Other (*Please specify)*……………………………………………………

5. How many employees has the corporation employed in Kenya?

□Less than 50 employees

□50-100 employees

□100-200 employees

□200-500 employees

□Over 500 employees

6. What is the coverage of your company operations?

□East Africa

□Other African countries

□Globally

SECTION II: INVESTMENT SHOCKS IN KENYA

7. a.) Has the corporation ever experienced unpredictable event(s) that affected its performance negatively?

□Yes

□No

b.) If your answer is **Yes** in (7 a.) above, briefly describe the event(s)

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………

c.) What were the outcomes of the event(s) described in (7 b.) above?

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

……………………….

d.) How would you describe the nature of the event (s) in (7) above? *(Please tick the response(s) below)*

☐Political

☐Economic

☐Social

☐Technological

☐Legal

☐Environmental

8. What is the likelihood of the following factors affecting your corporation?

(*In answering this question, please tick the response that best describes your position as rated in the scale of 1-5.)*

5= very likely

4= likely

3= neutral

2= less likely

1= least likely

	5	4	3	2	1
Political forces					
Terrorism					
Trade barriers and tarrifs					
Taxation					
Political instability					
Political unrest					

Privatizations					
Intellectual property rights					
Economic forces					
Global trades					
World financial markets					
Market forces					
Global competition					
Social forces					
Consumerism					
Convergence of customer tastes					
Education and skills					
Social evils (alcoholism, crime)					
Technological forces					
Transport revolution					
Information and technology revolution					
Environmental factors					
Insufficient Kenyan market and low growth potential					
Unconducive climate					
Legal forces					
Unconducive legal environment					
Inadequate monetary and fiscal policies					

Limited understanding of taxation and business regulations					
Poor management					

SECTION III: MULTINATIONAL CORPORATION'S STRATEGIC RESPONSE TO INVESTMENT SHOCKS

9. How has your corporation responded to investment shocks in Kenya?

…………………………………………………………………………………………

…………………………………………………………………………………………

……………..

10. What are the measures your corporation has taken to cope up with investment shocks in Kenya?

…………………………………………………………………………………………

…………………………………………………………………………………………

……………….

11. How would you rate the corporation use of the following responses to investment shocks as rated in the scale of 1-5?

5= very likely

4= likely

3= neutral

2= less likely

1= least likely

	5	4	3	2	1
Deployment of resources					
Participation of stakeholders in decision -making process					
Resource allocation					
Stakeholders dialogue					
Cost reduction					
Withdrawal of investment/shares					
Business closure					
Structural reorganization					
Designing reporting tools to reduce labour cost and increase efficiency					
Performance contacts review					
Product and service repositioning					
Retrenchment					
Divestment of non-core assets					

12. How would you rate the corporation’s response to investment shocks in relation to the following?

5= very effective

4= less effective

3= effective

2= negatively ineffective

1= very negative ineffective

	5	4	3	2	1
Disaster management and preparedness					
Use of insurance					
Involvement of stakeholders in decision making					
Government intervention					
Employment of instrument of information					
Employee education and awareness					
Deployment of resources					

13. What is the perceived future of your company in the Kenyan market?

…………………………………………………………………………………………

…………………………………………………………………………………………

Thank you so much for your cooperation in answering the questionnaire.

APPENDIX 3: LIST OF MULTINATIONAL CORPORATIONS IN KENYA

Company	**Home country**
Egypt Air	Egypt
Mantrac Group	Egypt
Air Mauritius	Mauritius
British American Investment	Mauritius
Ecobank	Togo
Air Zimbabwe	Zimbabwe
Innscor International	Zimbabwe
Oilibya	Libya
Zakhem International Construction limited	Lebanon
Ethiopian Air	Ethiopia
Regal Press Kenya Limited	Canada
Research In Motion	Canada
Tiomin Resources Inc.	Canada
Unigraphics Kenya limited	Canada
Huawei	China
CMA CGM Kenya Ltd	France
Peugeot Kenya	France
SDV Transami	France
Total Kenya Ltd	France
UAP Provincial Insurance Company Ltd	UK
Abercrombie & Kent Tours Ltd	UK
African Highland Produce Company Limited	UK
Afsat Communications Ltd	UK
Amiran Kenya Limited	UK
Aon Minet Insurance Brokers Limited	UK
Avery Kenya limited	UK
Avon Rubber company	UK
Barclays Bank Of Kenya Limited	UK
Berger Paints	UK
Beta Healthcare	UK
BOC Kenya Ltd	UK
Bonar EA ltd	UK
Booker Tate	UK
Brackla Nodor Ltd	UK
British Airways	UK
British American Tobacco	UK

Company	**Home country**
British Broadcasting Corporation	UK
Cadbury Kenya	UK
Carnaud Metalbox (K) Ltd	UK
Cussons & Company	UK
Ernst & Young	UK
Fairview Hotel	UK
Glaxo Smithkline (Kenya) Limited	UK
Holam Brothers EA (Broom and Wade)	UK
Hotel Inter-Continental Nairobi	UK
L.G. Harris & Co EA Ltd	UK
Minet ICDC Insurance Brokers	UK
Nairobi Hilton Hotel	UK
Old Mutual Group	UK
Posterscope Kenya(Aegis grp)	UK
Price Waterhouse Coopers	UK
Reckitt Benckiser	UK
Rentokil Ltd	UK
Reuters	UK
Ryden International	UK
SAB Miller	UK
Sage group	UK
Securicor	UK
Shell-British Petroleum	UK
Silentnight	UK
Standard Chartered Bank Kenya	UK
Treadsetters Tyres	UK
Tullow Oil	UK
UDV Kenya(Guinness)	UK
Unilever Kenya Limited(Unilever PLC)	UK
Vitacress Kenya Ltd.	UK
Vitafoam	UK
Vodafone (Safaricom)	UK
Wheetabix Limited	UK
Wigglesworth & company limited	UK
Williamson Tea Holdings	UK
Acme Press (Kenya) Ltd	USA
Caltex Oil (Kenya) Limited	USA
Chase Bank Kenya	USA
Cisco Systems	USA
Coca Cola	USA
Citi Bank Limited	USA
Colgate-Palmolive (EA) Ltd	USA

Company	**Home country**
Cosmic Crayon company EA Ltd	USA
Crown Cork Company(EA) Ltd	USA
Deloitte Touche Tohmatsu	USA
Delta Air Lines	USA
Ecolab East Africa (K) Ltd	USA
Eveready East Africa Ltd	USA
FedEx	USA
Fidelity Bank	USA
Firestone East Africa	USA
Fresh Del Monte Produce	USA
General Motors	USA
General Electric	USA
Google	USA
Baker Hughes	USA
IBM	USA
MasterCard	USA
McCann-Erickson (Kenya) Limited	USA
Microsoft	USA
Mobil Oil Kenya Ltd	USA
Otis Elevators	USA
Pepsi-Cola	USA
Pfizer Laboratories Ltd	USA
Procter & Gamble	USA
SC Johnson & Son	USA
The Wrigley Company (EA)	USA
Tibbett & Britten Kenya (Exel)	USA
Qualcomm	USA
Visa Inc	USA
Taipan Resources	USA
Anova East Africa (ANEA)	Netherlands
CEVA Logistics/TNT Logistics	Netherlands
Heineken	Netherlands
Royal Dutch Shell	Netherlands
KLM Royal Dutch Airlines	Netherlands
KPMG	Netherlands
Phillip Medical Systems	Netherlands
Seminis Vegetable Seeds(SVS) Holland	Netherlands
SERA Software East Africa	Netherlands
Wec lines Ltd	Netherlands
CEPSA	Spain
Alfa Laval Regional Office	Sweden
ABB Asea Brown Boveri Ltd	Sweden

Company	**Home country**
Assa Abloy EA Ltd	Sweden
Atlas Copco Eastern Africa Ltd	Sweden
Auto Sueco EA Ltd(Volvo)	Sweden
Ericsson Kenya Ltd	Sweden
IGE Resources AB Africa	Sweden
Ceva Animal Health Eastern Africa Ltd	Sweden
Saab Automobile AB	Sweden
Sandvik (Kenya)	Sweden
Scala (EA) Ltd	Sweden
Scania (Kenya Grange)	Sweden
Skanska	Sweden
SKF (Kenya) Ltd	Sweden
Swedfund International AB	Sweden
Tetra Pak Ltd	Sweden
Ulf Ashchan Safaris	Sweden
East African Development Bank	Uganda
Air Tanzania	Tanzania
Achelis Group	Germany
Aust-Ang Caterings limited	Germany
BASF	Germany
Bayer East Africa Ltd	Germany
Beiersdorf East Africa	Germany
DHL	Germany
Henkel Kenya Limited	Germany
Heidelberg East Africa	Germany
Kuehne+Nagel	Germany
Siemens	Germany
Schenker Ltd	Germany
Solar World E A	Germany
Weurth (Kenya) Limited	Germany
ABB Ltd	Switzerland
Airside Ltd	Switzerland
Bata Shoes Company (K) Ltd	Switzerland
Habib Bank A G Zurich	Switzerland
Novartis (Ciba-Geigy)	Switzerland
Nestle Foods Kenya Limited	Switzerland
Private Safaris	Switzerland
Roche Products	Switzerland
Schindler Ltd	Switzerland
S G S Kenya Ltd	Switzerland
Syngenta East Africa	Switzerland
Vvestergaard Frandsen	Switzerland

Company	Home country
Yellow Wings Air Services Ltd	Switzerland
Texchem Ltd	Malaysia
Maersk Logistics Kenya Ltd	Denmark
Sadolin paints(Akzo Nobel)	Denmark
Interfreight (Kenya) Limited	New Zealand
Nokia	Finland
Eltek	Norway
United Apparels EPZ	Sri Lanka
Unilab Kenya	Philippines
China Central Television	China
China Jiangsu International Economic Technical Cooperation	China
China national Aero	China
China Overseas Engineering Corporation	China
China Radio International	China
China Road & Bridge Corporation	China
Dow chemicals	China
Foton Motors	China
SIETCO Development Corporation	China
Xinhua News Agency	China
Air India	India
Ashok Leyland	India
Bank of Baroda	India
Cadila Pharmaceuticals Ltd	India
Chloride Exide-Emmerson, US	India
Kenindia Assurance Company Ltd	India
Manugraph Kenya Ltd	India
Marshalls EA (Tata)	India
Praj. Industries Ltd	India
Raymond Woolen Mills (Kenya) Ltd	India
Sher Flowers	India
Tata Chemicals (Magadi Soda)	India
Tata Motors	India
UB Pharma Ltd	India
Van Leer-Balmer Lwarie &Co	India
Air Italy	Italy
Pirelli Tyre	Italy
Technogym	Italy
Asahi Shimbun	Japan
Asami Motor Services	Japan
Itochu Corporation	Japan
Kajima Corporation	Japan
Kenya Tenri Society	Japan

Company	Home country
Matsushita Electrical Industrial	Japan
Mitsubishi Corporation (Rep Office)	Japan
Mitsui & Co Ltd	Japan
Nec Corporation	Japan
Nippon Koei Ltd	Japan
Nissan (KVA)	Japan
Nissho Iwai Corporation	Japan
Overseas Courier Company	Japan
Sanyo Armco	Japan
Sumitomo Corporation	Japan
Toyota Kenya	Japan
Daewoo Corporation	Korea
Fila East Africa	Korea
Hwan Sung Industries (Kenya) Ltd	Korea
Hyundai Corporation	Korea
LG	Korea
Samsung	Korea
Castle Brewing Kenya Ltd/SAB Miller	South Africa
First Rand Bank	South Africa
Stanbic Bank Kenya Limited	South Africa
Steers	South Africa
Woolworths	South Africa

Source: Kenya National Bureau of statistics Economic Survey 2015