ASSESSMENT OF INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED ENTERPRISES

BY

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UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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A Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

SUMMER 2016
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: __________________________  Date: __________________________

Kariuki Esther (ID 620380)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________  Date: __________________________

Dr. Joseph Ngugi

Signed: __________________________  Date: __________________________

Dean, School of Business
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ABSTRACT

This study aimed to assess internationalization of SME’s. The research study was guided by the following questions: What are the motivating factors leading to internationalization? What are the market entry strategies used by SME’s in internationalization? What are the benefits of internationalization? What are the barriers to internationalization?

The study used descriptive research design. The target population consisted of 104 respondents who were selected amongst 35 companies under the KPMG Top 100 mid-sized enterprises 2015. Primary data was collected using questionnaires. The questionnaires were pre-tested to confirm the precision and clarity. After the review of the final questionnaire, the researcher administered the questionnaires personally with the help of a research assistant. The data was edited, coded, transcribed and cleaned according to each variable of the study. This study used descriptive and inferential statistics. Data was presented in tables and figures to give a clear picture of the research findings at a glance, and was analyzed using Statistical Package for Social Sciences (SPSS).

The study found that SME’s are motivated to venture into international markets majorly by a company’s human and technological competencies, favorable trade tariffs, competitive local environment, availability of resources, opportunity recognition, ready demand and strong networks. The market entry strategy used most was exporting with the least used being licensing. Availability of new markets, increased profits, economic growth of the home and foreign countries were found to be benefits of internationalization. The challenges to international entrepreneurship were found to be price based barriers, Strong local foreign competition, differing cultures, political and legal challenges. Non-tariff barriers were not seen as a challenge to international entrepreneurship. The variables in this study were found to be significantly and positively related.

The conclusion was that SME’s should engage in internationalization to take advantage of internal and external resources that are factors motivating internationalization. Companies engaging in internationalization were found to favor exporting the most over other market entry strategies. Others used were joint ventures, strategic alliances, wholly owned subsidiaries and the least used was licensing.
New markets and increased profits were seen to be a major benefit of internationalization. The companies’ international operations were also seen to lead to economic growth of their home country and act as an agent for economic growth in the foreign country. Human and social capital was considered the least benefit of internationalization. Price based barriers, differing cultures between the local and foreign country, Strong local foreign competition, political and legal barriers were considered an impediment to internationalization of SME’s. Non-tariff barriers were found neutral in this study.

It was recommended that Companies take advantage of the skills and experience to exploit opportunities available in the foreign markets. Available internal resources and external resources that are found in the host country should be utilized to maximize profits with the most affordable market entry strategy that prospects risks that can be actualized into profits. In addition, companies should endeavor to engage in internationalization as early as possible in their company life cycle through the use of technology to conduct business anywhere in the world. Products should also offer the best quality and provide a solution that customers will readily accept and demand thereby providing a ready market for a company’s product or service.
ACKNOWLEDGEMENT

I express my deep gratitude to all the people who offered their support and assistance. In particular, I thank my supervisor, Dr. Joseph Ngugi, for offering guidance in coming up with this research. Gratitude also goes to my family for their support during the duration of the project. I also thank my better half Edwin for the encouragement and support. I acknowledge the Reference of other writers for their work which assisted me a lot in coming up with the project. Lastly, I would like to thank God for providing the resources and energy to make this Project a reality.
DEDICATION

This work is dedicated to my grandmother and family whose encouragement and support gave me the drive to follow through to completion.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study

Creating and operating a new venture in one’s country involves considerable risk and effort to overcome all obstacles involved. These are increased significantly when a company goes international. As the world becomes more market oriented and economically developed, the distinction between foreign and domestic markets is becoming less distinct. What was locally produced is now produced internationally. For example, Yamaha pianos are now produced in the United States, and Nestlé’s chocolate started in Europe, is produced all over the world (Hisrich, 2010).

As the reduction in barriers to global commerce continues, the world economy becomes more integrated, and there is an increased attention on SME’s to go global. Increased internationalization, leads to increased competition (Rangamohan, Candida, Kasuganti & Rammohan, 2007). Global economic integration is changing the competitive environment in which all businesses operate, requiring an international expansion strategy to impact on long-term growth and survival.

Simply, International Entrepreneurship is the process of an entrepreneur conducting business activities across national boundaries. It may consist of exporting, licensing, opening a sales office or a fully operational office in another country (Hisrich, 2010). When an Entrepreneur executes his or her business model in more than one country, International entrepreneurship is occurring. International entrepreneurship is a combination of proactive, innovative, and risk-taking behavior that crosses national borders and is intended to create value in organizations (McDoughall & Oviatt, 2000).

International entrepreneurship was introduced around 1988 to describe the many untapped foreign markets that were open to new ventures reflecting a new technological and cultural environment (Hirsch, 2010). McDougall and Oviatt (2000) introduced a wider definition of international entrepreneurship to include the study of established companies and the recognition of comparative (cross-national) analysis.
They defined this field as a combination of innovative, proactive, and risk-seeking behavior that crosses or is compared across national borders and is intended to create value for business organizations. This takes into account at the organizational level the notions of innovation, risk taking, and proactive behavior. It also focuses on the entrepreneurial behavior of these firms rather than only the characteristics and intentions of the individual entrepreneurs.

The key dimensions of entrepreneurship innovativeness, proactiveness, and risk propensity can be found and developed at the organizational level. Numerous phenomena have come up in the field of international entrepreneurship, some of these are Born Globals (BGs), International New ventures (INVs), among others (McDougall & Oviatt, 2000). Bell, McNaughton & Servais, (2011) found that firms that internationalized rapidly but with limited market coverage are INVs while those that had greater market coverage were BGs.

For SME’s operating especially in high-technology and manufacturing sectors, it is no longer possible to act in the marketplace without taking into account the risks and opportunities presented by foreign and global competition. It is common that there are three driving forces driving international entrepreneurship. These are the growth of low-cost technology connecting people and locations, better information processing and communication that is creating a greater awareness of international opportunities. The second is the steady dismantling of trade barriers and financial deregulation (Harry, 2006).

Free trade agreements including multilateral trade agreements: World Trade Agreement (WTA) and bilateral trade agreements such as Common Market for Eastern and Southern Africa (COMESA) have generated a level playing field for innovative firms.

The final force motivating international entrepreneurship is the widespread economic restructuring and liberalization that followed the fall of socialism in Russia and Central Europe as well as the expansion of markets in Asia, particularly China. These new markets are the magnets for investment, opening further opportunities for growth and investment (Harry, 2006).

Due to lower trade barriers, increased competition and rapid technological developments more and more SME’s start their international operations during their first year, and a great share of their total sales comes from foreign markets.
Many Kenyan companies in all sectors (manufacturing, mining, service, and financial) of the economy have been successful in International Entrepreneurship. Organizations that deal with cash crops and horticulture like flowers are dependent on international markets to succeed (McDougall & Oviatt, 2000).

Kenya is still largely an importer of goods according to the East Africa Community report, 2009 the volume of exports is less than the volume of imports at a growth of 12.5% and 4.7% respectively. Over the years, Kenya has relied on low-value primary exports, and imports non-food industrial supplies like fuel and lubricants, and other capital equipment that are high value which contributes to a huge balance of payment. SMEs need to be encouraged to become exporters so as to help address the problem of trade imbalance, especially in the manufacturing sector. According to the Export Promotion Council (EPC) to encourage manufacturing the Kenyan government has a manufacture under bond program that offers incentives such as 100 percent investment allowance on machinery, equipment, plant, buildings and exemption from VAT and duty on imported raw materials and other inputs

While they service both local and export markets, SME’s play an important role in the Kenyan economy. They create employment at low levels of investment per job, absorb surplus labor in the economy, use mainly local resources, promote local creativity and innovation, and provide skills training at a low cost to society. The Economic Recovery Strategy (ERS), 2003 envisaged that job creation will mostly come from this sector.

The government is also undertaking a Micro, Small, and Medium Enterprises (MSMEs) Competitiveness Project to improve the performance of the sector. The project has three mutually reinforcing components, namely access to finance, strengthening enterprise skills and market linkages, and improving the business environment (KIPPRA, 2009).

The global entrepreneurship summit is just one among the many forums that bring together entrepreneurs, educators, policy makers, and investors from all over the world and also brings together renowned leaders and business moguls. This forum emphasizes the importance of entrepreneurship for global economic development. Choosing Kenya as the destination for the sixth global entrepreneurship summit in 2015 strengthens the fact that Africa, and particularly Kenya has become the centre for innovation and entrepreneurship.
It is, therefore, critical to assess internationalization of SME’s, the motivating factors leading to SME internationalization, the market entry strategies, the benefits of internationalization and, barriers to internationalization.

1.2 Problem Statement

Small and Medium-sized Enterprises are the future of the world’s economies since they steer economic growth and development in all sectors of the economy (KIIPRA, 2009). However despite the vast body of literature on internationalization, most research factors only one element of internationalization: Determinants of early internationalization; Amorós, Basco & Romaní, 2014,

Vision 2030 recognizes the critical role of the manufacturing sector, prioritizing it as a key economic pillar for industrialization (KER, 2014). Despite various policy interventions since independence, the sector’s contribution to GDP has continued to stagnate at about 10 per cent, with marginal decline recently. The sector’s growth improved from 3.2 percent in 2012 to 4.8 percent in 2013, mainly driven by the manufacture of cement, food and beverages (KNBS, 2014).

According to the Kenya Economic Report (2014), the SME sector contributes about 11 percent of GDP in Kenya and accounts for 67 Percent of all establishments in the Manufacturing. The growth constraints faced by SME’s are in accessing finance, low entrepreneurial skills, and lack of competitiveness in international markets.

Internationalization of SME’s has been significantly recognized as an important economic driver of African development. SME’s international operations are on the rise due to increased risk of failure if they exclusively concentrate their operations on their local market due to the influence of globalization (Etemand, 2004).

International entrepreneurship is not a new research agenda, other researchers such as Birkinshaw (2000) among others addressed these issues more than ten years ago, and there has been a steady stream of research since. Some of this being works that focused on the challenges to internationalization of firms within the petroleum industry (Onyango, 2012), Harry 2006 among others.
Common among them is that they focused on International Entrepreneurship on large International firms (multinational corporations) based on the perspective of managers and executives who are only accountable for the performance of their corporation.

Other researches focused on a single method of entry in internationalization like the determinants of initial export market participation of micro and small enterprises in the commercial craft sector (Mwiti, 2005). Their focus was also specifically targeting only one aspect of internationalization inclined to motivating factors leading to internationalization, the market entry strategies used, and benefits of internationalization or challenges of internationalization individually. This paper therefore aimed to look at the different angles of internationalization as a whole by assessing Internationalization of SME’s.

1.3 General Objective

The main objective was to carry out an assessment of the Internationalization of Small and Medium Enterprises (SME’s).

1.4 Specific Objectives

The specific research objectives were:

1.4.1 To determine the motivating factors leading to the internationalization of SME’s.

1.4.2 To determine market entry strategies used by SME’s in internationalization.

1.4.3 To establish the benefits of internationalization to SME’s.

1.4.4 To establish the barriers to the internationalization of SME’s.

1.5 Significance of the Study

The findings of this study would be of great benefit to different categories of stakeholders namely:
1.5.1 The Government

To be able to come up with policies and support that encourages Small and Medium Enterprises (SME’s) to pursue international entrepreneurship to help in the creation of wealth and employment.

1.5.2 SME Financiers

Specialized risk financiers that focus on funding SME’s will also benefit from the research to help in determining the best financing strategies and periods of moratorium to be given to the SME’s when venturing into international markets.

1.5.3 Small and Medium Enterprises (SME’s)

It will benefit SME’s in having a guide and outlook of international markets and the potential benefits and challenges experienced in international entrepreneurship.

1.5.4 Academicians and Researchers

It will provide a new basis point for research on international entrepreneurship based on SME’s and not only multinational corporations.

It will also provide an avenue to explore other research areas not addressed in the research like International pathways and concepts and if the choice affects the performance outcomes.

1.6 Scope of the Study

The study focused on SME’s listed under the Top 100 mid-sized companies 2015 located in Nairobi county- Kenya. The data was collected from May 2nd to May 16th, 2016.

1.7 Limitations of the Study

The study had difficulties securing meetings with some of the entrepreneurs targeted mainly because of their busy schedule. This limitation was mitigated by making early appointments and widening the scope to include Top level management, middle – level management and Operational staff in the study. The study was also limited in depth as it only focuses on companies that are in Nairobi County and cannot, therefore, be generalized to be representations of other counties or parts of the world.
1.7 Definition of Terms

1.7.1 Entrepreneur

An innovator or developer who recognizes and seizes opportunities, converts them into workable ideas, adds value through time, effort, money, or skills; assumes risks of the competitive market environment to implement these ideas and realizes the rewards from this efforts (Kuratko, 2014).

1.7.2 Entrepreneurship

The process of recognizing, seizing and converting opportunities into workable ideas, adding value through time, effort, money, or skills to implement the ideas and receive rewards from them(Kuratko, 2014).

1.7.3 International Entrepreneurship

International entrepreneurship is a combination of innovative, proactive, and risk-seeking behavior that crosses national borders and is intended to create value in organizations (Yeung, 2002).

1.7.4 Small and Medium-sized Enterprises (SMEs)

These are enterprises employing 1-50 employees in all sectors whether formal or informal (Government of Kenya, 2012).

1.7.5 Internationalization

Internationalization is the process of adapting firms’ operations (strategies, structures, resources, etc.) to international environments (Calof & Beamish, 1995)
1.8 Chapter Summary

For Small and medium sized enterprises operating especially in high-technology and manufacturing sectors, it is no longer possible to act in the marketplace without taking into account the risks and opportunities presented by foreign and global competition. Growth and success of SME’s is no longer dependent on just domestic markets, with Kenya’s SME sector consisting 87 percent of all businesses in the country, they are the future of the world’s economy in steering growth and development in all sectors of the economy. The general objective of the study is to carry out an assessment of Internationalization of Small and Medium Enterprises (SME’s). Other objectives are: To determine the motivating factors leading to international entrepreneurship, the market entry strategies used by SME’s in internationalization, the benefits of international entrepreneurship to SME’s, the barriers faced by SME’s in internationalization. The study will be important to the Government, SME financiers, researchers, academicians, and SME’s. The study will focus on the Top 100 mid-sized companies – 2015. The remaining chapters will go into details of the Literature review, Research Methodology, Results and findings and Discussion, Conclusion and Recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

International entrepreneurship research gained scholars’ attention as they began trying to understand new phenomena that did not fit into traditional conceptual frameworks in International business or entrepreneurship fields (Coombs, Sadrieh & Annavarjula, 2009). The main goal of research in this field is to review literature on the motivating factors leading to internationalization, the modes of entry in international entrepreneurship and the benefits and barriers of Internationalization of SME’s.

2.2 Motivating Factors Leading to Internationalization

Unless born global, most entrepreneurs pursue international activities only when stimulated to do so. A variety of proactive and reactive motivations can cause an entrepreneur to become involved in international business (Hisrich, Peters& Shepherd, 2010). Proactive factors are those which exploit the firm’s unique internal competencies (Leonidou, 1994) while reactive factors are those that are as a result of environmental factors (Czinkota, 1982).

2.2.1 The Entrepreneur and Entrepreneurial Experience

Entrepreneur’s importance in the development of a firm has long been debated (Zucchella, Palamara, Denicolai, 2007). The skills, experience, and competencies of the entrepreneur represent key factors of business creation, survival, and continuity (Unger, Rauch, Frese, and Rosenbusch. 2011). Therefore, following the entrepreneurial tradition centering on an individual’s ability to recognize and exploit an opportunity (Shane & Venkataraman 2000), researchers in the field of international entrepreneurship have used lenses coming from different fields to identify variables at the individual level that act as driving forces for early internationalization.
The arguments about entrepreneurs focus attention on two main individual characteristics: an individual’s motivation to become an entrepreneur and entrepreneurial experience. Past research has shown the importance of taking into account an individual’s motivation to become an entrepreneur and the desire to create and run a firm (Reynolds, Bosma, Autio, Hunt, De Bono & Servais, 2005). According to McClelland (1961), the key characteristic is the high need for achievement. Here satisfaction is gained from more than just monetary terms. Opportunities are exploited to achieve high locus of control, to undertake new risks, flexibility and strong desire to be independent. Scholars have pointed out the need for an entrepreneurial mindset as they engage with risks and dangers presented by international expansion (Oviatt & McDougall 1994). Experience gives entrepreneurs accumulative knowledge, business contacts, and entrepreneurial skills (Federico, Kantis, Rialp, & Rialp, 2009).

2.2.2 Opportunity

Opportunities for profitable exchange exist because of imperfect knowledge. The entrepreneur possesses some additional knowledge which is not possessed by others, and this allows an entrepreneur to take advantage of profitable opportunities (Deakins & Freel, 2003) Christensen. Madsen and Peterson, (1994) suggested that an individual’s motivation to become an entrepreneur may be influenced by opportunity recognition or by a lack of job alternatives. Because opportunity based reasons and necessity based reasons are two main motivations that lead people to become involved in early-stage entrepreneurial activity (Reynolds et al. 2005), it is possible to extend this reasoning and postulate that these reasons could also play a role in entrepreneurs’ intentions to go international.

Kirner (1973) suggests that opportunity-based entrepreneurial motivation is related to individuals attempting to take advantage of new business opportunities. This is further supported by Shane and Venkataraman (2000) who adds that this motivation leads entrepreneurs to search actively for opportunities not only in domestic markets but also international markets.
2.2.3 Availability of Resources

Entrepreneurs often venture into international entrepreneurship to take advantage of lower costs in foreign countries for labor, manufacturing overhead, and raw materials (Hirsch et al. 2010). The literature on internationalization suggests the role of market knowledge as a regulator of resources (Johanson & Vahlne 1977) and technological knowledge as an enabling resource (Oviatt & McDougall 1994). Stage theory, suggests that internationalization reflects the gradual acquisition, integration and use of knowledge about foreign markets (Johanson & Vahlne, 1990). As firms grow, they accumulate resources; build economies of scale and excess capacity, and a level of “slack” that enables enterprises to direct greater efforts to internationalize (Bonaccoris, 1992). Technology allows firms to access information, communicate and market within the cyberspace intending to direct ‘traffic’ or visitors to a destination Web site (Kenny & Marshall 2000).

2.2.4 Networks and Strategic Partners

A long-standing tradition, originating with Johanson & Mattsson’s (1988) network model of internationalization, emphasized the role of inter-organizational relationships in the internationalization process. Internationalization scholars have drawn on social capital theory to conceptualize and study this phenomenon (Coviello, 2006). Social capital emanating from network relationships provides internationalizing small and new firm’s with vital network resources (Gulati 1999). Oviatt and McDougall (2005) acknowledge that networks help entrepreneurs identify international opportunities, establish credibility, and often lead to strategic alliances and other cooperative companies. Also, as Zahra (2005) notes, Building relationships and gaining access to existing networks can help to shorten and expedite INVs’ learning.

2.2.5 External Environment Factors

In certain instances, circumstances within the domestic market can influence firms to consider exporting as a reaction to the saturation or decline in domestic sales (Leonidou, 2000; Weaver and Pak, 1990). Logistical proximity to sea ports, airports and other freight-forwarding intermediary channels (Johnston & Czinkota, 1982), and the initiation or expansion of exporting activities by domestic competitors.
It has also been found that specific export destinations may appear attractive to firms if there are favorable foreign exchange rates between the domestic currency and the target export country currency. This may, in turn, allow financial gains to be made from international monetary transactions. Furthermore, regulatory issues pertaining to reductions in import tariffs and relaxed product regulations in overseas markets may encourage firms to view export marketing strategies to those countries more sympathetically (Sullivan & Bauerschmidt, 1990).

2.2.6 Product and Service Differentiation

Stage theory suggests that firms go through distinct stages in the development of their international business operations; where they perhaps begin with unsolicited foreign orders; proceed to indirect exporting and the development of an international division (Czinkota & Wesley 1981). This is described as a reluctant adjustment to changes in a firm or its environment (Johanson & Vahlne 1990). Competitive elements such as goods with unique qualities and ready demand may stimulate the interest of venturing into foreign markets. According to Leonidou (2000) Advantages are created when the firm’s product or service, benefits or quality of a products or service are something unique (e.g., design, quality, or innovation) for customers. According to Kang & Jin (2007), new entrepreneurs’ strategies should focus on innovative products or services or on other types of differentiation, such as managerial or marketing differentiation, to increase their competitive advantage.

2.3 Market entry strategies used by SME’s in internationalization

When a business decides to go international, it also has to decide on an adequate entry mode (Grunig & Murchett, 2012). The literature on international entrepreneurship is skewed towards the area of export, in part because of the relatively low risk and commitment involved. The focus on a single entry mode, exporting has contributed to shortcomings in internationalization theory (Leonidou & Katsikeas 1996). However, several other entry modes exist, which include exporting, licensing, franchising, management contracts, turnkey contracts, international subcontracting, industrial cooperation agreements, contractual joint ventures, equity joint ventures, wholly owned subsidiaries, mergers, and acquisitions and strategic alliances. These various modes vary according to the commitment, cost efficiency, control and risk involved (Young, Hamill, Wheeler & Davies, 1989).
The study will focus on a few modes detailed below.

**Figure 2.1 Different Modes of Entry in Internationalization**

- Direct
- Indirect through agents and/or distributors
- Produce At Home
  - Export
  - Licence agreements
  - wholly owned subsidiary
  - Joint venture
  - Strategic alliances
2.3.1 Exports

According to Grunig & Murschett (2012) exporting is where a company manufactures products in the home country and sends them to an affiliate in the target market where final assembly or sales are made. There are two major forms of exporting: Direct and indirect. Indirect exporting is where an exporting manufacturer uses independent middlemen to reach and sell to the final consumer (Root, 1994). Indirect exporting requires very little commitment as the manufacturer has the intermediary undertaken all cross order activities. Intermediaries include local distributors located either abroad or at home. Nevertheless, indirect exporting may be an option for SMEs if the company only sporadically sells products abroad and if the international sales are spread over a large number of different countries where it would be difficult to build up specific knowledge.

Direct exporting means that the manufacturer sells directly to any customer in a foreign country. This buyer may be either the final customer for a product or intermediaries located in the foreign market (Grunig & Murschett, 2012). Kenya’s exports are mainly in this category, and this means that to reap the benefits of international trade the country needs to diversify into more value-added manufactured exports (World Bank, 2008).

Table 2.1: The top 10 Kenyan exports from 2010.

<table>
<thead>
<tr>
<th>Commodity Exports</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Horticulture</td>
<td>72.09</td>
<td>83.33</td>
<td>81.13</td>
<td>89.34</td>
<td>97.11</td>
</tr>
<tr>
<td>2. Tea</td>
<td>92.26</td>
<td>102.71</td>
<td>101.95</td>
<td>105.20</td>
<td>94.41</td>
</tr>
<tr>
<td>3. Petroleum products (re-exports)</td>
<td>16.76</td>
<td>21.15</td>
<td>21.36</td>
<td>18.31</td>
<td>54.08</td>
</tr>
<tr>
<td>4. Articles of apparel &amp; clothing accessories</td>
<td>15.57</td>
<td>22.29</td>
<td>20.71</td>
<td>24.45</td>
<td>28.95</td>
</tr>
<tr>
<td>6. Tobacco and tobacco manufactures</td>
<td>10.56</td>
<td>18.63</td>
<td>16.62</td>
<td>13.97</td>
<td>17.05</td>
</tr>
<tr>
<td>7. Iron and steel products</td>
<td>12.12</td>
<td>18.16</td>
<td>15.10</td>
<td>15.56</td>
<td>13.72</td>
</tr>
<tr>
<td>8. Medicinal and pharmaceutical products</td>
<td>6.02</td>
<td>7.55</td>
<td>11.88</td>
<td>10.33</td>
<td>11.49</td>
</tr>
<tr>
<td>10. Articles of plastics</td>
<td>6.95</td>
<td>9.46</td>
<td>10.40</td>
<td>10.33</td>
<td>11.10</td>
</tr>
<tr>
<td>11. All other products</td>
<td>150.73</td>
<td>193.63</td>
<td>201.71</td>
<td>186.34</td>
<td>177.93</td>
</tr>
<tr>
<td><strong>Total exports</strong></td>
<td><strong>409.79</strong></td>
<td><strong>512.60</strong></td>
<td><strong>517.85</strong></td>
<td><strong>502.29</strong></td>
<td><strong>537.54</strong></td>
</tr>
</tbody>
</table>
2.3.2 Licensing Agreements

Licensing is a strategy with which a company can use production in a foreign country without major capital investment. It leads to production by a licensee without any requirement for the licensor to create a new operation abroad (Hollensen, 2011). In licensing agreements the licensor grants the rights to intellectual property to the licensee for a defined period. In return, the licensee pays royalty fees. The nature of licensing agreements varies depending on the position of the activity in the value chain, e.g. production and distribution and marketing (Hill, 2008). Licensing is used in industries where branding is important especially in Fast Moving Consumer Goods, foods, pharmaceuticals and brewing.

In process licenses, the licensor grants the licensee the right to use a specific production technology, often based on a patent. In the case of a product license, the licensor grants the right to manufacture a product or certain products in accordance with specific procedures, processes or formulas. Additionally, if a distribution license is granted, the licensee has the right to market the products in a specific territory. If not, the licensor (i.e. the home country company) may take over the sales function itself. If that is the case, then the licensee is similar to a contract manufacturer (Bradely, 2005).

2.3.3 Wholly owned Subsidiaries

Instead of having products produced by a licensee, a company can set up an own factory in the target market. According to Grunig & Murschett (2012), this option has all of the benefits of local production that have already been listed for licensing In addition; it has the benefit of full control over operations, including production output and quality. When considering market entry with a wholly owned subsidiary, there is an additional option: the acquisition of a local company that already has a product range that can be sold in the host country (Hill, 2008).

Wholly owned subsidiaries also attract government subsidies and are appreciated by local customers, who view it as a commitment to the market. Companies in the manufacturing market in Kenya are more inclined to this secondary to exports due to the control the mother company has over the subsidiary. Locally SME’s that have used wholly owned subsidiaries are like MFI, East African canvas. Internationally popular wholly owned subsidiaries are Mc Donald, KFC, Hilton, among others.
2.3.4 Joint Venture

Another option for internationalization in a target country is a joint venture with a local company. A joint venture is a partnership by two or more companies for a specific business objective of which they share ownership and control (Root, 1994). Each of the partners contributes a specialized skill. Working with a joint venture partner may have some benefits with regards to market access. The local partner may facilitate the adaptation of products to local tastes. Usually, the local partner company is more familiar with local market conditions. Furthermore, a local joint venture partner not only shares the risk of setting up operations in the target country, but it can also speed up the process (Grunig & Murschett, 2012). In some countries the regulations often require a local corporate partner to ensure market access in emerging economies (Fan, Nyland & Zhu, 2008). SMEs are often found to favor joint ventures due to their nature and to gain better market access and to reduce both costs and risks involved in venturing into new markets.

2.3.5 Strategic Alliances

According to Rugman (2003), Strategic Alliances are agreements between two or more competitive enterprises for the purpose of serving a global market. Grunig & Murschett, (2012), define a strategic alliance as an agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. These partnerships are almost always formed by firms in the same line of business.

The alliances help in facilitating faster outreach of the SME’s in the foreign market though they are rather expensive and risky. Strategic alliances take several forms and are employed for various reasons such as: encouraging legislations by host government, need to bring on board partners who have local a understanding of the business environment (in terms of economy, culture and political systems) and a desire by SME’s to get a local entity to focus on local target market operations without being wholly involved in the new market. Strategic alliances are especially common when looking for a local company to carry out tasks that would otherwise be costly for the company to perform on their own. The above options represent different strategic choices for the entrepreneurial growth of the firm.
The strategy selected depends on factors such as cost, availability of finance, regulations in different potential target countries, the risk involved and entrepreneurial culture of different areas and nations an exporting manufacturer uses independent middlemen to reach and sell to the final consumer (Root, 1994).

2.4 Benefits of International Entrepreneurship to SME’s

Empirical evidence shows that the success of small and medium firms’ international activities has social and economic impacts in developing countries, and entrepreneurs may be agents for regional development (Verheul, Career & Santarelli, 2009). Indeed, according to Acs, Audretsch, Braunerhjelm & Carlsson, (2003), entrepreneurs filter a region’s available stock of knowledge and turn it into promising new ventures and internationalization (Hessels & van Stel 2011). The Kenya Vision 2030 aims to create “a globally competitive and prosperous country with a high quality of life by 2030 (KIIPRA, 2009). International entrepreneurship reflects the firm’s propensity to engage in innovative, proactive, and risk seeking behaviors to achieve competitive and strategic objectives (Verheul et. al.2009).

2.4.1 Increased Profits, New Market Opportunities, and Innovation

The enticement of profits is reflected in the motive to sell to other markets. Foreign markets offer a very large market opportunity that if carefully planned, actual profits may be particularly large. Some studies report evidence that internationalization results in greater profits and innovation (Lu & Beamish, 2001). Internationalization often helps firms in overcoming knowledge gaps and can reduce uncertainties associated with operating in foreign markets. Global markets offer entrepreneurial companies new market opportunities.

Moves into international markets could also be as a result of increased government regulations. Therefore, firms benefit from entering new foreign markets to gain access to fewer regulations or societal concerns about the company’s products or services. For example, Cigarette companies such as Philip Morris aggressively pursued sales outside the United States, particularly in developing economies, when confronted with increased government regulations and antismoking attitudes of consumers. Therefore, the company took to purchasing existing cigarette companies in foreign markets, as occurred in Russia (Hisrich et al., 2010).
A combination of domestic and international sales offers the entrepreneur an opportunity for expansion and growth that is not available solely in a domestic market (Hisrich et al., 2010). Firms may hire export intermediaries because they may perform certain functions related to international markets better or at lower costs than the firm itself could because of specific knowledge that the firm lacks (Li, 2004).

To survive in the global market, it is said that it costs five times more to acquire a new customer than to get an existing customer to make a new purchase. Therefore, customer retention is important to SMEs because of their limited resources (Adrian, 2002). The presence of technology therefore provides numerous business opportunities to SMEs. These include building better relationships with customers that had been previously impossible in the absence of technology. The ability provide the customer with a more interactive, customized experience, has provided companies with a greater ability today to establish, nurture, and sustain long-term customer relationships. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchases and reducing customer acquisition costs.

In unfamiliar markets, international entrepreneurship related search costs (e.g. marketing research) and negotiation costs can be very high. Therefore, the use of intermediaries helps reduce these costs and in turn increases profits. SME’s also gain from royalty payments which not only provides monetary benefits but also helps reduce the risk associated with licensing technological know-how.

2.4.2 Development of Human and Social Capital

Most research emphasizes the potential of value creation through internationalization, (Hessels, 2008). Individual outcomes reported include the development of human capital and social capital. At the firm-level, there are no consistent conclusions concerning a relationship between the level of internationalization and firm’s performance (Riahi-Belkaoui, 1998). At the environment level, establishing transactions, partnerships, and operations in foreign countries can open access to new markets, less costly sources of labor and other resources. Further gains are realized from exposure to ideas for new products and services, new technologies, and workplace innovations (Zahra et al., 2001).
Human resource management refers to “a set of knowledge, skills and attitudes that a firm needs to compete successfully in the market” (Kreitner, 2001, p. 65). According to Dimba (2010), the best practices of human resource development involve recruitment, training, staff appraisals, and compensation systems that can directly and indirectly improve organizational performance. However, Chang & Huang (2005), state that human resource should focus less on the traditional functions such as staffing, training, appraisal and compensation and focus on team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation in order to improve firms performance and create competitive advantage. These advantages are as seen through mergers where there is an exchange of expertise amongst firms such as Maruti Suzuki (in INDIA & JAPAN) and TATA Docomo (in INDIA & JAPAN). The mergers are seen to create synergies in shared resources, replacement of inefficient managers and diversification in order to reduce risks, and rapid market entry.

Internationalization assists in developing skills that include global perspective, local responsiveness and synergistic learning that makes it possible to work with and learn from people from many cultures and the ability to collaborate with others on an equal basis.

Consumers consider corporate social responsibility important to the global public. Research shows that the public forms opinions about a company based in part on CSR activities. Due to globalization the public is better informed about business activities and encourages them to use this information to evaluate CSR. CSR Social responsibility is considered positive. For example, a responsibility measure is included in Fortune’s annual list of “Global Most Admired” Companies. CSR initiatives are also found to help organizations attract, retain and motivate employees (Parker, 2005).

In some countries use of joint ventures not only make it feasible entry mode but also make it easier to obtain permission to set up operations in countries that could be considered hostile or un-accommodative. For example, many companies found it easier to obtain permission to set up operations in Japan if they joined with a Japanese partner than if they tried to enter on their own. This is why Xerox partnered with Fuji to sell photocopiers in Japan. This linkage with a local company also provides access to technology used by the local company.
Therefore, it could expose the company to new technologies that could be value adding to the firm. (Hill, Jones & Schilling, 2014).

2.4.3 Economic Benefits of Internationalization

Internationalization has been found to aid the growth of home countries’ economies by improving a nation’s foreign exchange reserves, exchange rate risks, developing national industry, and creating employment (Girma, Greenaway & Kneller, 2004). Research into the outcomes of entrepreneurship in multiple countries devotes considerable attention to the impact of entrepreneurship on employment creation, innovation, and economic growth (van Stel, 2006). SMEs drive economic development by creating a valuable source of employment; SMEs account for 60-70 percent of employment in OECD countries. In developing countries, this number is often much higher. In Ecuador, for example, 99 per-cent of all private companies have no more than 50 employees (World Bank, 2005).

According to Rugman & Hodgetts 2006, the presence of economic integration amongst countries offers a conducive market environment where barriers to trade such as tariffs among member countries are removed (Free Trade Area), Integration with a common policy toward nonmember countries (Customs Union), integration where trade barriers are eliminated among member nations and a common external trade policy and mobility of factors of production is allowed (Common Market). Economic and political unions are deeper forms of economic integration that are characterized full integration of economic policies and even further, unification of economic policies and single government. Economic integration helps in achieving internal economies of scale brought about by lower production costs and external economies of scale achieved through access to low cost capital, more skilled labor and superior technology.

According to KIIPRA (2009) vision 2030 aimed to raise the share of Kenyan products in the regional market from 7 per cent to 15 per cent by 2012 through of impediments to competitiveness. The Medium Term Plan 2008-2012 outlined measures to boost exports by establishing Special Economic Zones, establishing an export development fund to help support diversification and value addition, and by reviewing the National Export Strategy and formulating an incentive structure for targeted sectors.
2.5 Barriers to International Entrepreneurship

Global Entrepreneurship Monitor (GEM), a cross-national assessment of entrepreneurial activity, recently completed its eighth annual cycle of data collection GEM (2006). Its year to year findings suggest that these factors constitute barriers to entry. National experts interviewed by GEM researchers reveal that countries differ about their entrepreneurial knowledge, described by GEM as “entrepreneurial capacity” and defined as “the motivation skill to take advantage of an opportunity through the creation of a new firm.” Reynolds (2005) states that lack of knowledge regarding regulations, language, technical standards are also other factors that may hinder entrepreneurial ability to internationalize, states.

Zahra (2002) says that the unavailability of qualified international employees and general information and understanding reduce the capacity, of entrepreneurs to enter new international markets. Research consistently finds that culture is a key factor at the country level. There is year to year stability within countries and relatively little change in rank ordering from year to year.

GEM researchers conclude that “entrepreneurial activity reflects, to a large extent, slow to change cultural and social norms and institutions” (Arbaugh, 2008). It seems obvious that cultural differences in a target country might discourage or inhibit international venturing by entrepreneurs. Research also found that in the absence of internationally experienced managers, lack of market knowledge is one of the primary impediments to internationalization observes (Zahra, 2002). Entrepreneurial firms often require partners to internationalize the problem is finding trustworthy partners that do not try to take advantage of a novice firms.

Research suggests that internationalizing of small and medium-sized enterprises (SMEs) has significantly more positive perceptions of the domestic, international, and regulatory environments than SMEs that do not internationalize(Zahra, 2002). It is, therefore, reasonable to expect that if the management team of the entrepreneurial firm does not perceive the differences between their domestic markets and potential international markets positively, then they will not pursue internationalization.
2.5.1 Price Based Barriers

Other barriers that deter international entrepreneurship include but not limited to Price based barriers which are tariffs added to the prices of imported goods and services and are based on the value of goods. They generate revenue for the home government, discourage imports and make locally manufactured goods cheaper and attractive. Financial limits in form of exchange controls that restrict the flow of currency are also used.

Others are limit of currency that can be taken out of the country, use of fixed exchange rates that are favorable to local country among others. Quantity limits also referred to as 'quotas' are used to restrict the quantity of goods that can be imported or the market share that is permitted to be supplied from a foreign source. If the quota is set at zero, it is known as an embargo, and this prohibits any imports into the country (Alan & Hodgetts, 2003).

2.5.2 Non-Tariff Barriers

Non-tariff barriers are rules, regulations and bureaucratic red tape that governments use to delay or preclude the purchase of foreign goods e.g. slow processing of business permits 'buy local policy' and establishment of quality standards that exclude foreign producers among others. Some governments put in place Foreign Investment Controls (FIC) (Erramilli, 1990). These put limits on Foreign Direct Investment (FDI) or the transfer or remittance of funds. These include: requiring foreign investors to take minority ownership position, limiting profit remittance, prohibiting royalty payment thus preventing capital flight. International price fixing occurs when a host of international firms fix prices or quantities sold to control prices. This is known as a cartel, best example being OPEC (Organization of Petroleum Exporting Countries) (Onyango 2012).

According to Hisrich et al., (2010), with the present system of flexible exchange rates, a country’s balance of payments (the difference between the value of a country’s imports and exports over time) affects the valuation of its currency, and this valuation of one country’s currency affects business transactions between countries. Sometimes a tariff is imposed on imported goods. A tariff is a tax on goods that are shipped internationally. The most important form is the import tariff levied on goods imported into the country. Export tariff is levied on exported goods.
Governments typically use duties to generate revenue and to protect local industry. Duties are the most commonly used form of tariff (Onyango 2012).

### 2.5.3 Culture

To be successful in international business requires understanding the cultures of target host country and how to adapt to them (Pearce & Robinson, 2003). The main challenge is how to broaden their cultural perspective, adapt new cultures and make decisions that reflect the needs and the desires of those cultures (Rugman & Hodgetts 2006). This can be achieved by understanding the elements of culture i.e. language, religion, values, attitudes, customs & manners, material goods, aesthetics, and education. Thompson & Strickland (2001) argue that for an organization to be successful, both in the domestic and international markets, there must be a fit between the organization's strategy, structure, systems, staff, skills, shared values, and style.

Entrepreneurs must make sure that each element in the business plan has some degree of congruence with the local culture. For example, in some countries point of purchase displays are not allowed in retail stores, while they are allowed in others. To avoid errors, entrepreneurs should hire a translator whose native tongue is the target language (Hisrich et al., 2010).

### 2.5.4 Local Foreign Competition

When entering a foreign market, the international entrepreneur needs to be aware of the strength of local competitors who are already established in the market. Competitive companies can often be a formidable force against foreign entry as they are known companies with known products and services. This can be particularly difficult when there is a “buy national” attitude in the country. A sustained effort stressing the unique selling propositions of the entering product or service is necessary, including a guarantee to ensure customer satisfaction, in order to compete (Hisrich et al., 2010).

In a license agreement, the risk of creating a future competitor is significant. Furthermore, the company has only a passive interaction with the market, since sales are usually realized by the licensee. Also, if the products are sold under the licensor’s brand, the local licensee has a strong influence on the home country company’s reputation (Root, 1994).
2.5.5 Political and Legal Barriers

Politics as the art of governing is also important in promoting business and ensuring that local firms gain or maintain dominance in certain market areas (Moore, 2003). Erramilli (1990) notes that business is conducted in societies governed by political ideologies which are almost always intertwined with economic philosophy. Political systems thus create the necessary environments that can promote or inhibit business and ensure sustained economic growth.

Political leadership sets policies, regulations, concessions and ensures stability & security that impact directly on business performance (Hill & Jones, 2003). Quinn (1991) recommended broadening political support for emerging new trusts as an essential and conscious, proactive step in internationalization. Specifically, stakeholders who wield political power must support internationalization program if it is to succeed.

Markets will be less receptive to international entrants if there is laxity by the ruling political class in enforcement of regulations. Stable political systems, even if they are frequently changed like in Japan and India, tend to encourage foreign direct investment. Unstable political system discourages direct investment (Makori, 2006). The volatility of general business regulation or practices, customer protection legislations are some of the other deterrent legal factors in internationalization (Koch, 2001).
Table 2.2 Barriers to Internationalization Ranked by Member Economies Using The Top Ten Ranking Method.

<table>
<thead>
<tr>
<th>Weighted factor</th>
<th>Description of barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Inadequate quantity of and/or untrained personnel for internationalization</td>
</tr>
<tr>
<td>2</td>
<td>Shortage of working capital to finance exports</td>
</tr>
<tr>
<td>3</td>
<td>Limited information to locate/analyze markets</td>
</tr>
<tr>
<td>4</td>
<td>Limited information in identifying foreign business opportunities</td>
</tr>
<tr>
<td>5</td>
<td>Lack of managerial time to deal with internationalization</td>
</tr>
<tr>
<td>6</td>
<td>Inability to contact potential overseas customers</td>
</tr>
<tr>
<td>7</td>
<td>Developing new products for foreign markets</td>
</tr>
<tr>
<td>8</td>
<td>Unfamiliar foreign business practices</td>
</tr>
<tr>
<td>9</td>
<td>Unfamiliar exporting procedures/paperwork</td>
</tr>
<tr>
<td>10</td>
<td>Meeting export product quality/standards/Specifications.</td>
</tr>
</tbody>
</table>

Source: Adopted from OECD (2009)

Julian (2009) in a study conducted on "The empirical link between entry mode selection and barriers to internationalization" made some relevant findings. It was concluded that venture management characteristics, distribution chain access, foreign practices incompatible with domestic business, adapting to foreign market needs and foreign market attractiveness, as barriers to internationalization, were the most significant determinants of entry mode selection for direct exporters, joint ventures, and wholly-owned subsidiaries.

Wang, Boateng & Hong (2007) in their study "What Drives Internationalization of Chinese Firms: Three Theoretical Explanations", demonstrated that industrial and institutional environments vary considerably across countries. However, the study noted the unique role of government in terms of governments' policy action can act as a barrier to internationalization if the policies are too restrictive.
2.6 Chapter Summary
This chapter has looked at the concerning Internationalization of SME’s. The elements discussed are the Motivating factors leading to globalization, Modes of entry into foreign markets, Benefits of internationalization and Barriers to internationalization. Chapter 3 will go into details of the Research Methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research methodology used in the study. It describes the population, sample and sampling techniques used. It also discusses the data collection techniques employed as well as the data analysis and presentation methods and finally the summary of the chapter.

3.2 Research Design

Kombo and Tromp (2006) defines research design as the structure of research used to hold all elements of the research project together. The research design will involve arrangement of conditions for collection and analysis in a way that combines relevance of the research objective to the economy in procedures.

Descriptive research design was used to assess Internationalization of SME’s. This design was used because it is able to describe the different research objectives. Descriptive research method is appropriate as it describes and explores the relationship between variables in their natural setting without any intentional interference. The independent variable of the study is internationalization and dependent variable SME’s. The study used cross-sectional survey. Descriptive study aims at obtaining information that can be analyzed, patterns extracted and comparison made for the purpose of clarification and basis for making decisions. Qualitative data was obtained.

3.3 Population and Sampling Design

3.3.1 Population

Population of the study is defined as a complete set of individuals, cases or objects with some observable characteristics (Mugenda and Mugenda, 2003). Kombo and Tromp (2006) describe population as a group of individuals’, objects, or items from which samples are taken for measurement. The population is therefore seen as a large group from which a researcher draws a representative sample for collecting information relevant to the study being conducted.
Therefore, the target population for this study was the SME’s under the KPMG Top 100 2015 small and medium sized enterprises that engage in international entrepreneurship.

Table 3.1: Population distribution

<table>
<thead>
<tr>
<th>Industry</th>
<th>Population</th>
<th>Percentage of the Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>11</td>
<td>31%</td>
</tr>
<tr>
<td>Services</td>
<td>9</td>
<td>26%</td>
</tr>
<tr>
<td>Retail</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>Logistics</td>
<td>3</td>
<td>9%</td>
</tr>
<tr>
<td>Information technology</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling Frame

A sampling frame is a list of elements from which the sample is actually drawn and closely related to the population (Cooper & Schindler, 2006). In this study, the sampling frame was drawn from the Top 100 mid-sized companies 2015 engaging in international operations located in Nairobi. This was to ensure that the sampling frame is convenient, accurate, adequate and complete.

3.3.2.2 Sampling Technique

This study used consecutive non-Probability sampling. This technique was used because it uses all accessible respondents as part of the sample. Consecutive sampling technique can be considered as the best of all non-probability samples because it includes all subjects that are available thereby making the sample a better representation of the entire population. The respondents were picked based on their accessibility to the researcher.

Sampling is advantageous as it reduces costs and time taken in the study and it is representative of the general target population.
3.3.2.3 Sample Size

A sample size is defined as the number of subjects in a study. According to Mugenda and Mugenda (2003), a sample size ought to be as large as possible in order to produce the salient characteristics of the accessible population to an acceptable degree. The sample size should be a plus or minus 5 percent of the population proportion with a 95 percent confidence level. In the 2015 Top 100, there was a total of 35 SME industries engaging in international operations based in Nairobi. To obtain the minimum population sample for this study, the researcher used Yamane’s formula as follows:

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

Where \( n \) is the sample size, \( N \) is the population size and \( e \) is the margin of error.

\[
    n = \frac{140}{1 + 140 (0.05)^2}
\]

\[
    n = 104
\]

Therefore in order to gain accurate data the sample size will be respondents from 104 respondents under the top 100 SMEs engaged in international operations for statistical precision.

3.4 Data Collection Methods

The study relied on primary and secondary sources of data. Primary data was collected using semi-structured questionnaires. According to Maholtra, 2007 questionnaires are an important data collection tool. In addition, the use of questionnaires is justified because they provided an effective and efficient way of gathering information within a very short time.

The study relied on primary and secondary sources of data. Primary data was collected using semi-structured questionnaires. According to Maholtra, 2007 questionnaires are an important data collection tool. In addition, the use of questionnaires is justified because they provided an effective and efficient way of gathering information within a very short time. The questionnaire had closed, and open-ended questions divided into four sections: first section contained the respondent’s demographics.
The second addressed the motivating factors leading to internationalization; the third section gathered data on the market entry strategy used by SME’s in internationalization, the fourth section collected data on the benefits of internationalization of SME’s and the fifth addressed the barriers to international entrepreneurship. A 4-point Likert scale was applied, and it consisted of a series of statements that expressed strongly agree to strongly disagree.

3.5 Research Procedures

A pilot test involving 5% respondents composing my peers, and a representative of the sample was carried out to evaluate the completeness, precision, accuracy and clarity of the questionnaires. This ensured the data collection tool used was reliable, and no errors were present. After the review of the final questionnaire, the researcher administered the questionnaires personally with the help of a research assistant who was trained before beginning the research. In order to get a good response rate, the researcher gave personalized cover letters for each questionnaire and followed up on filling of the questionnaires. Each questionnaire took approximately 8 minutes to fill.

3.6 Data Analysis Methods

The data was edited, coded, transcribed and cleaned according to each variable of the study. This study used descriptive statistics and inferential statistics. Descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data (McDanile and Gates, 2001).

In this study, descriptive indexes such as a frequency distribution and percentages were used to compute the data. Inferential statistics indexes such as correlation were also be used. Data was presented in tables and figures to give a clear picture of the research findings at a glance, and was analyzed using Statistical Package for Social Sciences (SPSS).
3.7 Chapter Summary

This chapter addressed various techniques and procedures used by the researcher to conduct the study in addressing the research objectives. The chapter was organized in the following structure: Introduction, research design, population and sampling design, data collection methods, research procedures, data analysis methods and lastly the chapter summary.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the data analysis results, interpretation and presentation.

4.2 Response Rate

Table 4.1 indicates that out of the 104 questionnaires administered; only 64 were returned. The overall response rate was thus found to be 62% which is quite adequate compared to the usually expected response rate of 50-75% for hand-delivered questionnaires and was sufficient to proceed with the data analysis.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>Did not Respond</td>
<td>40</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>104</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Demographics

This section discusses the results of the general information about the respondents.

4.3.1 Gender

The study findings sort to determine the gender of the respondents. From the study findings majority of the respondents, 63% were male while 38% of the respondents were female as indicated in figure 4.1

Figure 4.1: Gender Distribution.
4.3.2 Age Group

The study sort to determine the age group of the respondents. From the study findings majority of the respondents 47% were between the age of 26-33 years, 23% of the respondents were between 34-41 years of age, 16% of the respondents were between 18-25 years of age while 14% of the respondents were of age 42 years and above as indicated in figure 4.2.

Figure 4.2: Age group.
4.3.3 Highest Professional Qualification

The study sort to determine the respondents’ highest professional qualifications. The findings showed that 61% of the respondents were undergraduate holders. 22% of the respondents were masters’ holders. 16% of the respondents were diploma holders while 2% of the respondents were PhD holders as indicated in figure 4.3.

![Figure 4.3: Highest professional qualification.](image)

4.3.4 Position in the Company.

The study sort to determine the respondents’ position in the companies. The findings showed that 33% of the respondents were operational staff. 27% of the respondents were in middle level management. 22% of the respondents were the entrepreneur/owner. 11% of the respondents were in the top management. 6% of the respondents were business development manager while 2% of the respondents were CEOs as indicated in Table 4.2.
Table 4.2: Position in the company

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur/owner</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>Top management</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Middle level management</td>
<td>17</td>
<td>27</td>
</tr>
<tr>
<td>Operational staff</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>Business development manager</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>CEO</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.5 Company’s Sector

The study sort to determine the sector the company operates in. The study findings showed that 53% of the Companies were in manufacturing sector. 33% in service sector, 5% were in information technology, 5% inertial sector, 3% were in logistics while 2% were in media as indicated in table 4.3. This shows that majority of the companies are in manufacturing sector.

Table 4.3: Sector the company operates in.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>34</td>
<td>53</td>
</tr>
<tr>
<td>Logistics</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Information technology</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Retail</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Media</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.6 Company Engagement in International Operations

The study sort to determine company’s engagement in international operations. According to the study findings majority 83% of the companies had engaged in international operations while 17% had not as shown in figure 4.4.
4.3.7 Length of Company of existence

The study sort to determine how long the company has been in existence. The study findings showed that 45% of the companies had been in existence for more than 15 years. 23% were in existence between 5-10 years. 19% were in existence for less than 5 years while 13% were in existence for 11-15 years as indicated in table 4.4. This shows that majority of the companies have existed for more than 15 years.

Table 4.4: Existence of the company

<table>
<thead>
<tr>
<th>Existence</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>12</td>
<td>19</td>
</tr>
<tr>
<td>5-10 years</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>11-15 years</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>More than 15 years</td>
<td>29</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3.8 Number of Employees in the Company

The study sort to determine the number of employees in the company. According to the study findings majority 61% of the Companies had 30 employees and above. 30% of the companies had between 11-20 employees while 9% had 2-10 employees as indicated in table 4.5.

Table 4.5: Number of employees in the company

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 to 10</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>11 to 20</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>30 and above</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>100</td>
</tr>
</tbody>
</table>

4.4 Descriptive Analysis of Study Variables

This section discusses the descriptive results as per objectives.

4.4.1 Motivating factors leading to the internationalization of SME’s

The study sought to determine the motivating factors leading to the internationalization of SME’s. The findings in table 4.6 indicate that majority of the respondents (40%) agreed that the Entrepreneur's skills and experience leads a firm to go into international markets. 44% of the respondents strongly agreed that internationalization is influenced by opportunity recognition. 47% of the respondents agreed that Availability of resources increases motivation to go international. 50% of the respondents agreed that the company's technological and human competencies motivate internationalization. 45% of the respondents agreed that The company's strong networks motivated venturing into international markets. 38% of the respondents also agreed that the Kenyan environment motivated initial international entrepreneurship. Forty eight percent of the respondents also agreed that a competitive environment encouraged internationalization. Fifty percent of the respondents also agreed that the favourable trade tariffs and import regulations of other countries encouraged internationalization. Forty five percent of the respondents also agreed that the products ready demand in foreign markets encouraged internationalization.
Table 4.6: Motivating factors leading to internationalization.

<table>
<thead>
<tr>
<th>Motivating Factors</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The entrepreneur's skills and experience leads to a firm to go into international markets.</td>
<td>2</td>
<td>0</td>
<td>30</td>
<td>40</td>
<td>28</td>
</tr>
<tr>
<td>Internationalization is influenced by opportunity recognition.</td>
<td>0</td>
<td>3</td>
<td>9</td>
<td>43</td>
<td>44</td>
</tr>
<tr>
<td>Availability of resources increases motivation to go international.</td>
<td>3</td>
<td>3</td>
<td>8</td>
<td>47</td>
<td>39</td>
</tr>
<tr>
<td>The company's technological and human competencies motivating internationalization.</td>
<td>2</td>
<td>2</td>
<td>19</td>
<td>50</td>
<td>28</td>
</tr>
<tr>
<td>The company's strong networks motivated venturing into international markets.</td>
<td>5</td>
<td>3</td>
<td>8</td>
<td>45</td>
<td>39</td>
</tr>
<tr>
<td>The Kenyan environment motivated initial international entrepreneurship.</td>
<td>0</td>
<td>9</td>
<td>36</td>
<td>38</td>
<td>17</td>
</tr>
<tr>
<td>A competitive environment encouraged internationalization.</td>
<td>3</td>
<td>2</td>
<td>13</td>
<td>48</td>
<td>34</td>
</tr>
<tr>
<td>The favorable trade tariffs and import regulations of other countries encouraged internationalization</td>
<td>2</td>
<td>5</td>
<td>16</td>
<td>50</td>
<td>28</td>
</tr>
<tr>
<td>The products ready demand in foreign markets encouraged internationalization</td>
<td>0</td>
<td>3</td>
<td>9</td>
<td>45</td>
<td>42</td>
</tr>
</tbody>
</table>
4.4.2 Market Strategy used in Internationalization of the Company.

The study sort to determine the market strategy used in internationalization of the company. The study findings showed that majority of the companies 59% used exporting as the market entry strategy. 16% used joint ventures. 14% used strategic alliances. 8% of the used wholly owned subsidiaries while 3% used licensing as indicated in table 4.7.

Table 4.7: Market strategy used in internationalization of the company.

<table>
<thead>
<tr>
<th>Strategy Used</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporting</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td>Licensing</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Wholly owned subsidiaries</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Strategic alliances</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.3 Benefits of International Entrepreneurship.

The study sought to examine the respondent’s level of extent with the variable concerning benefits of international entrepreneurship. From the findings in table 4.8, majority of the respondents (69%) strongly agreed that Increased profits are a benefit of internationalization. 72% of the respondents strongly agreed that Availability of new markets benefits the organization in internationalization. 38% of the respondents agreed that Human and social capital is developed as a result of internationalization. 47% of the respondents also agreed that International entrepreneurship has led to economic growth of the home country. 52% of the respondents also agreed that International entrepreneurship is an agent of economic growth in foreign market.
Table 4.8: Benefits of international entrepreneurship.

<table>
<thead>
<tr>
<th>Benefits of Entrepreneurship.</th>
<th>International</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased profits are a benefit of internationalization.</td>
<td></td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>19</td>
<td>69</td>
</tr>
<tr>
<td>Availability of new markets benefits the organization in internationalization.</td>
<td></td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>25</td>
<td>72</td>
</tr>
<tr>
<td>Human and social capital is developed as a result of internationalization.</td>
<td></td>
<td>2</td>
<td>3</td>
<td>27</td>
<td>38</td>
<td>31</td>
</tr>
<tr>
<td>International entrepreneurship has led to economic growth of the home country.</td>
<td></td>
<td>0</td>
<td>2</td>
<td>20</td>
<td>47</td>
<td>31</td>
</tr>
<tr>
<td>International entrepreneurship is an agent of economic growth in foreign market.</td>
<td></td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>52</td>
<td>30</td>
</tr>
</tbody>
</table>

4.4.4 Barriers to International Entrepreneurship.

The study sought to examine the respondent’s level of extent with the variable concerning barriers to international entrepreneurship. From the findings in table 4.9, majority of the respondents (44%) agreed that Price based barriers discourage internationalization. 45% of the respondents were neutral that Non-tariff barriers discourage internationalization. 33% of the respondents agreed that differing cultures from the home country are a barrier to internationalization. 47% of the respondents also agreed that Strong local foreign competition bar internationalization. 58% of the respondents also agreed that Political and legal barriers bar internationalization.
Table 4.9: Barriers to International Entrepreneurship

<table>
<thead>
<tr>
<th>Barriers to International Entrepreneurship</th>
<th>Strongly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price based barriers discourage internationalization</td>
<td>0</td>
<td>16</td>
<td>19</td>
<td>44</td>
<td>22</td>
</tr>
<tr>
<td>Non-tariff barriers discourage internationalization</td>
<td>0</td>
<td>14</td>
<td>45</td>
<td>33</td>
<td>8</td>
</tr>
<tr>
<td>Differing cultures from the home country are a barrier to internationalization</td>
<td>6</td>
<td>20</td>
<td>30</td>
<td>33</td>
<td>11</td>
</tr>
<tr>
<td>Strong local foreign competition bar internationalization</td>
<td>0</td>
<td>13</td>
<td>25</td>
<td>47</td>
<td>16</td>
</tr>
<tr>
<td>Political and legal barriers bar internationalization</td>
<td>0</td>
<td>9</td>
<td>20</td>
<td>58</td>
<td>13</td>
</tr>
</tbody>
</table>

4.5 Inferential analysis of study variables.

4.5.1 Reliability Analysis

Scale reliability was determined by computing the overall Cronbach’s alpha reliability coefficient for the items of the Motivating factors leading to internationalization which had 9 items, Benefits of international entrepreneurship which had 5 items and Barriers to International Entrepreneurship which had 5 items. The results for reliability were 0.829, 0.704 and 0.714 respectively and were greater than the required threshold 0.7 as indicated in table 4.10.

Table 4.10 Reliability Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivating factors leading to internationalization.</td>
<td>9</td>
<td>0.829</td>
</tr>
<tr>
<td>Benefits of international entrepreneurship.</td>
<td>5</td>
<td>0.704</td>
</tr>
<tr>
<td>Barriers to International Entrepreneurship</td>
<td>5</td>
<td>0.714</td>
</tr>
</tbody>
</table>
### 4.5.2 Correlation

Table 4.11 indicated the correlations between variables. Barriers to International Entrepreneurship was found to be positive and significantly related to Motivating factors (**r = 0.327, p-value = 0.009**). Benefits to International Entrepreneurship was found to be positive and significantly related to Motivating factors (**r = 0.616, p-value = 0.000**). Barriers to International Entrepreneurship was found to be positive and insignificantly related to Benefits to International Entrepreneurship (**r = 0.198, p-value = 0.122**).

#### Table 4.11: Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Motivating factors</th>
<th>Barriers to International Entrepreneurship</th>
<th>Benefits to International Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motivating factors</strong></td>
<td>1</td>
<td><strong>.327</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
<td><strong>.616</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
</tr>
<tr>
<td><strong>Barriers to International Entrepreneurship</strong></td>
<td><strong>.327</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
<td>1 &lt; 0.01</td>
<td><strong>.198</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
</tr>
<tr>
<td><strong>Benefits to International Entrepreneurship</strong></td>
<td><strong>.616</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
<td><strong>.198</strong>  <strong>(2-tailed)</strong> &lt; 0.01</td>
<td>1 &lt; 0.01</td>
</tr>
</tbody>
</table>

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

SME’s are motivated to venture into international markets majorly by a company’s human and technological competencies, favorable trade tariffs, competitive local environment, availability of resources, opportunity recognition, ready demand and strong networks. The market entry strategy used most is exporting with the least used being licensing. Availability of new markets, increased profits, economic growth of the home and foreign countries were found to be benefits of internationalization. The challenges to international entrepreneurship were found to be price based barriers, strong local foreign competition, differing cultures, political and legal challenges. Non-tariff barriers were not seen as a challenge to international entrepreneurship. The variables in this study were found to be significantly and positively related.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter addresses a discussion on the findings on the assessment of internationalization of Small and medium sized enterprises as compared to the findings in the literature review based on the specific research objectives. The summary of the study, recommendations and conclusions on based on the discussion of each research objective.

5.2 Summary
The purpose of this study was to assess the internationalization of SME’s under the Top 100 Mid sized enterprises, 2015. The Study was guided by the following research objectives:

1. To determine the motivating factors leading to the internationalization of SME’s.
2. To determine market entry strategies used by SME’s in internationalization.
3. To establish the benefits of internationalization to SME’s.
4. To establish the barriers to the internationalization of SME’s.

The study used Descriptive research design. The population of the study comprised of 104 respondents under the Top 100 that engage in international operations and are based in Nairobi. The study used primary data collection through hand delivered questionnaires. The research procedure involved a pilot study administered to confirm the reliability of the research instruments. The data was collected, coded, and edited for analysis through SPSS. Descriptive indexes such as frequency distribution and percentages were used to compute the data. Inferential statistics and correlation were also use to measure data. Data was presented in figures and tables to give a clear picture of the findings at a glance.

The findings show that a majority of the companies are motivated to go international mainly due to strong entrepreneurial skills and experience, opportunity recognition, availability of resources and technological and human competencies. In addition, strong networks, favorable trade tariffs in foreign countries, demand from other markets and a competitive environment also encouraged internationalization. Also the findings were skewed towards the Kenyan environment motivating the firm to initial international entrepreneurship. It was recommended
that the entrepreneurs skills are utilized to maximize on opportunities available and take advantage of the in a way that incurs low risks and costs that can be materialized into huge returns.

The findings indicate that a majority of the companies use exporting as internationalization in market entry strategy, while others use joint ventures, strategic alliances, wholly owned subsidiaries and licensing. It was recommended that firms should use the market entry strategy that gives the firm better market access and reduces both risks and costs involved in internationalization.

On the Benefits of Internationalization dimension, the study indicated that increased profits, availability of new markets, development of human and social capital were all benefits of internationalization. Also the firm serves as an agent of economic growth in the foreign country and contributes to the economic growth of its own home country. While profit is the ultimate goal of any organization, it was recommended that SMEs should focus on seeking international markets to extend their market by ensuring that customers who seek their products from foreign markets even before they venture into those markets are retained and treated in the best way possible through the use of technology.

On the barriers of international entrepreneurship, the study found out Price based factors, differing cultures, strong local foreign competition and political and legal factors bar internationalization. However, it was found that they were indifferent over non–tariff barriers. While the barriers to internationalization exist, they can be mitigated having internationally experienced staff and leadership that perceives differences between their domestic markets and potential international markets positively and trustworthy partners that do not take advantage of novice firms seeking to internationalize.

Future research can use the same objectives to focus on specific sectors like manufacturing, service among others in order to have a firm specific approach to the study and to find the similarities or differences amongst sectors internationalization. Researchers can also investigate where there is a relationship between the market entry strategy and the success of internationalization.
5.3 Discussion

5.3.1 Motivating Factors Leading to Internationalization of SME’s

The entrepreneur’s skills and experience plays a critical role in motivating a firm to venture into international markets. The findings revealed that a majority of the respondents agreed at 40%. Business continuity, survival and continuity are key factors that rely on experience and competence of entrepreneurs (Unger et al. 2011). Scholars emphasize on the need for an entrepreneurial mindset as they engage with risks and dangers presented by international expansion (Oviatt & McDougall 1994). Experience gives entrepreneurs accumulative knowledge, business contacts, and entrepreneurial skills (Federico, et al. 2009).

Opportunity recognition plays a vital role in motivation to engage in international entrepreneurship. The study finds that a large number, 44% of the respondents strongly agree that identification and pursuit of opportunities not exploited or undertaken by others is a motivator in venturing into foreign markets. Shane and Venkataraman (2000) argue that this motivation to take advantage of new business opportunities leads entrepreneurs to search actively for opportunities not only in domestic markets but also international markets.

The findings revealed that 47% of the respondents agreed that availability of resources motivates a company to go international. Literature affirms that firms venture into internationalization to take advantage of lower costs in foreign countries for labor, manufacturing overhead, and raw materials (Hirsch et al. 2010). As firms grow, they accumulate resources; build economies of scale and excess capacity, and that enables enterprises to direct greater efforts to internationalize (Bonaccoris, 1992). Burns (2000) argues that the financial resources have a significant impact on the operations of doing business in any market, defining the nature and direction of the business in which the company operates. The study found that 45% of respondents agree that internationalization is motivated by the strong networks and inter-organizational relationships. The network models emphasized on the role of inter-organizational relationships in the internationalization process (Johanson & Mattsson, 1988). Oviatt and McDougall (2005) acknowledge the importance of networks in helping entrepreneurs identify international opportunities, establish credibility, and often lead to strategic alliances and other foreign cooperative companies.
The local home environment also motivates a company to venture into international markets. The study found that 48% of the respondents agreed that competition is a major factor and 38% agreed that the Kenyan environment plays a role in internationalization. Previous research suggests that logistical proximity to sea ports, airports and initiation or expansion of international activities by domestic competitors (Johnston & Czinkota, 1982).

The finding of the study saw that 50% of the respondents agreed that favorable tariffs and import regulations of foreign markets encouraged internationalization. Regulatory issues pertaining to reductions in import tariffs and relaxed product regulations in overseas markets may encourage firms to view export marketing strategies to those countries more sympathetically (Sullivan & Bauerschmidt, 1990).

The ready demand for products and services in foreign markets through unsolicited foreign orders may stimulate the entry into foreign markets. The study found that 45% of the respondents agreed with this. Research suggests that competitive advantages are created when the firm’s product or service, benefits or quality of a products or service are something unique (e.g., design, quality, or innovation) for customers (Leonidou, 2000) that makes it sort beyond its target market.

5.3.2 Market Entry Strategies

When a business decides to go international, it also has to decide on an adequate entry mode (Grunig & Murschett, 2012). A majority of the companies, 59% use exporting as a market entry strategy. Exporting is more sort after in part because of the relatively low risk and commitment involved (Leonidou & Katsikeas 1996). Indirect exporting is used when the product requires very little commitment or sporadically sells abroad.

On the other hand, direct exporting involves direct sales in the foreign country. Most of Kenya’s exports are in this category (World Bank, 2008).

However other strategies like Strategic alliances and joint ventures are sort depending on their applicability and convenience in doing business in foreign markets. In this study, licensing was the least sort entry strategy at 3%. This could be attributed to the fact that most licensing agreements require the licensor to grant intellectual rights to the licensee for a period with
royalties as the expected return (Hill, 2008). Licensing is used where the brand is important and therefore the SMEs in the study are found to prefer more direct methods of reaching the market in order to gain the customers trust and maintain full output control before using licensing to expand into foreign markets. Also the presence of economic integration especially in the African region is a factor that encourages more direct approach due to the absence of trade tariffs between member countries.

Wholly owned subsidiaries are used by 8% of the respondents in this study. A wholly owned subsidiary is an option that has the benefits of local production and full control of operations, including the production output and quality (Hill, 2008). Companies that wish to maintain the local feel of the host country, acquire a local company that that already has a product range that can be sold in the host country. Wholly owned also attract government subsidies and appreciated by customers who view this as a commitment to the market. Kenya’s SME’s are inclined to this more than licensing due to the control the mother company has on the subsidiary. Some of the SMEs that use wholly owned subsidiaries in Kenya are MFI, East African Canvas and internationally Hilton, KFC among other.

Sixteen percent of the companies used joint ventures this is higher than the prior two. Joint ventures provide a local partner that facilitates the adaption of products to local tastes. Furthermore a local joint venture partner shares the risks of setting up operations in the target country as well as speeding up the process (Grunig & Murschett, 2012). Joint ventures are found to provide the necessary partnerships that provide companies with a means to reduce the risks and costs involved in venturing into foreign markets and also help in acquiring the necessary complementary expertise from the venture partner that provide mutual benefit.

Strategic alliances used by 14% of the companies showing a relatively close relation with joint ventures. In essence the Strategic alliances and joint ventures are relatively similar where joint ventures are equity based investments while a strategic alliance is more of a contractual arrangement whereby two or more partners agree to cooperate with each other and utilize each partner's resources and expertise to achieve global market penetration (Onkvisit & Shaw, 1997). Strategic alliances help in facilitating faster outreach of the SME’s in the foreign market but are more expensive and risky. Therefore strategic alliances are common when looking for
a local company to carry out tasks that would otherwise be costly for the company to undertake on their own.

5.3.3 Benefits of internationalization

Profits and new market opportunities were mentioned to be a major benefit of internationalization if planned and executed well. Companies venture into internationalization to gain larger profits than those obtained from the local market only. Some studies report that internationalization results in greater profits and innovation (Lu & Beamish, 2001).

Increased profits could be gained through cost savings that are experienced in the domestic market such as lesser regulation or costs of doing business and economies of scale. This is seen as is the case of the cigarette company Philip Morris that pursued sales in developing countries outside the United States when they were confronted with increased government regulations and antismoking attitudes of customers (Hirsch et al. 2010). Therefore, combining both domestic and international sales not only offers opportunities for growth, but also assists in spreading costs which in turn increases profits. Innovation is also gained through the exchange of expertise in joint ventures and strategic alliances where the company may gain new innovations that it has previously not been using.

Human and social capital is not found to be a major benefit of internationalization with 38% agreeing that human and social capital is developed as a result of internationalization. There are no consistent conclusions concerning a relationship between the level of internationalization and a firm’s or individual’s performance or development. However, international entrepreneurship exposes a company to value adding resources such as partnerships, technologies and workplace innovations (Zahra et al., 2001).

However, internationalization helps to create synergies in shared resources, and diversification in order to reduce risks, and rapid market entry. CSR activities are also a benefit through internationalization as they help the company personalize the brand with the host country. Research shows that the public forms opinions about a company based in part on CSR activities. CSR initiatives are also found to help organizations attract, retain and motivate employees (Parker, 2005). Economic growth of the Home and foreign country are seen to be a major benefit of internationalization.
Forty seven percent of the respondents agreed that international entrepreneurship led to economic growth in the home country and 52% agreed that it was an agent for economic growth in the foreign market. In the home country, the economy gains from foreign exchange reserves, creating employment (60-70 percent in OECD countries), contributing to national development through tax and repatriation to home country (Girma, et al., 2004). In foreign markets, Exchange rate risks are improved, and employment opportunities are gained which is why in Kenya vision 2030 targeted to increase the share of Kenyan firms in the regional market through special economic zones and giving entrepreneurs an incentive structure (KIIPRA, 2009). Government support has also been seen through establishment of firms such as Kentrade, Keninvest, and Brand Kenya among others that support Kenyan firms in foreign markets.

As a result of internationalization, there is unification of economic policies that creates a conducive market environment through Free Trade Areas, Customs Union, Common Markets, economic and Political Unions such as COMESA, EAC, EU, and OECD among others. Economic integration helps SMEs achieve internal economies of scale through lower production costs and external economies of scale achieved through access to low cost capital, more skilled labor and superior technology (Rugman & Hodgetts 2006).

5.3.4 Barriers to International Entrepreneurship

Price based barriers were found to discourage internationalization by 44%. A study by Aselm (2004) concluded that smaller companies are more likely to be impeded by financial constraints. The availability of funds determines whether an internationalization initiative will be successful or not. There are different costs associated with different entry modes; for exporting, it is transport, holding, and marketing costs. For licensing, joint ventures and strategic alliances, the cost of obtaining licenses, legal costs, and marketing costs are likely to be incurred. Alan & Hodgetts (2003) suggest that financial limits of currency that can be taken out of the foreign country, use of fixed exchange rates that are favorable to local countrys, quantity limits (quotas) are used to restrict the quantity of goods that can be imported or the market share that is permitted to be supplied from a foreign source.
Non-tariff barriers like rules, regulations and bureaucratic red tape was found to be indifferent to companies engaging in international entrepreneurship. Of the countries involved in international entrepreneurship, 45% were neutral. While foreign company tariffs were present, this was not a major impediment to doing business internationally. According to Hisrich et al., (2010), with the present system of flexible exchange rates, a country’s balance of payments affects the valuation of its currency, and this valuation of one country’s currency affects business transactions between countries.

Differing cultures was not seen to be a weak factor that discourages internationalization. Internationalization of SME’s Under the Top 100 mid – sized companies like previous studies argue that for internationalization to be successful there has to be a fit between the organization's strategy, structure, systems, staff, skills, shared values, and style in both the domestic and international markets. Congruence of the two markets determines the success or failure of international entrepreneurship (Hisrich et al., 2010). It is clear that the companies in this study share most cultural beliefs or are consciously aware of the cultural preferences of customers in the foreign market hence making this a weak factor.

Strong foreign competition is most likely to occur when entering a new foreign market. In this study 47% concurred that strong foreign competition discouraged internationalization. The presence of a “buy national” attitude in a country could be a formidable force against foreign entry in an international market. Some governments could also impose measures to discourage purchases from foreign companies such as subsides and quotas that increase the cost of doing business for foreigners and puts them at a disadvantage over local companies (Erramilli, 1990). Moore (2003) suggests that politics is important in promoting business and ensuring that local firms gain or maintain dominance in certain market areas. Political and legal ideologies were found by a majority in this study to bar internationalization.

Political systems thus create the necessary environments that can promote or inhibit business and ensure sustained economic growth. Markets are less receptive to international entrants if there is laxity by the ruling political class in enforcement of regulations that promote foreign trade. Unstable political systems discourage internationalization (Makori, 2006). The volatility of general business regulation or practices, customer protection legislations are some of the other deterrent legal factors in internationalization (Koch, 2001).
5.4 Conclusion

5.4.1 Motivating Factors Leading to Internationalization

Small and medium-sized enterprises are motivated to engage in international entrepreneurship because of the entrepreneurs’ skills and experience, recognition of opportunities in foreign markets availability of resources that are internal and external to the firm. The human and technological competencies and alliances/networks of a company also had a strong influence on the ability to venture into international markets. Strong competitive environment, favorable trade tariffs and ready demand were also played a major role in the internationalization of SME’s. The local Kenyan environment was however not considered a major factor influencing internationalization.

5.4.2 Market Entry Strategy used in Internationalization

Companies engaging in internationalization were found to favor exporting the most over other market entry strategies. This could be attributed to the fact that the highest percentage of companies interviewed (53%) were in the manufacturing sector. Others used were joint ventures, strategic alliances, wholly owned subsidiaries and the least used was licensing which involves sharing patents and technologies that could pose a great risk to the company in terms of future competition or sabotage.

5.4.3 Benefits of International Entrepreneurship

Through new markets in foreign countries, the companies were able to benefit from the local profits as well as foreign ones. The companies’ international operations were also seen to lead to economic growth of their home country and act as an agent for economic growth in the foreign country. Human and social capital was considered the least benefit of internationalization.
5.4.4 Barriers to International Entrepreneurship
Price based barriers such as quotas and subsidies were considered an impediment to internationalization of SME’s.
Differing cultures between the local and foreign country were also seen to discourage internationalization. Strong local foreign competition and political and legal barriers were also a huge challenge in internationalization. Non-tariff barriers were found neutral in this study. This could be attributed to the fact that there is a presence of strong trading blocs and good trade relations of countries in the world such as EAC, COMESA, and WTO. That promotes trade amongst countries in Africa and beyond.

5.5 Recommendations

5.5.1 Recommendations for Improvement
5.5.1.1 Motivating Factors Leading to Internationalization

The entrepreneur’s skills and experience are a major asset to a company seeking to venture into international markets. These help a company to seek out opportunities available and take advantage of them in the best way possible. Resources that are available in the foreign markets such as raw materials and labor could help minimize costs of operation and in turn help increase the profits. Therefore where opportunities identified are viable, the companies should take advantage of this opportunity using the most affordable mode of entry with risks that can be turned into huge returns. Products and services that are produced by a company should of the highest standard so as to attract demand from the market through creating a product or service experience that causes a customer to want more and tell others about it.

When a product is seen to solve a problem it does not matter where it is produced from, customers will find a way to get it and it is best that the source comes directly from the company or an affiliate to enhance the customers experience in way that is in line with the products strategy.
5.5.1.2 Market Entry Strategy used in Internationalization

SMEs should use the market entry strategy that gives the firm better market access and reduces both risks and costs involved in internationalization. In industries where the company brand is important, licensing should be favored since the licensee is required to maintain the same brand as the licensor. Where control over production is important the wholly owned subsidiaries are a better option as they are seen as commitment to the foreign market.

In instances where market access is important companies should favor joint ventures and strategic alliances that also help on reducing costs and risks involved. Exporting being the simplest and considered to have the lowest risks and commitment involved, can be used for goods that require little commitment and control such as manufactured goods.

5.5.1.3 Benefits of International Entrepreneurship

While profit it the ultimate goal of any organization, SMEs should focus on seeking international markets to extend their market by ensuring that customers who seek their products from foreign markets even before they venture into those markets are retained and treated in the best way possible. Customer retention can be achieved through the use of technology to build better relationships by providing more interactive, customized experience in order to nurture the and sustain long term relationships and lead to economic growth of the home country as well as economic growth of foreign markets. CSR activities should use to affirm brand presence and gain market confidence by having a positive outlook.

5.5.1.4 Barriers to International Entrepreneurship

The lack of knowledge regarding regulations, language, culture, technical standards are factors that may hinder entrepreneurial ability to internationalize. However this can be mitigated by having internationally experienced staff and leadership that perceives differences between their domestic markets and potential international markets positively and trustworthy partners.

SME’s are most likely to follow the conventional way of a company life cycle that involves starting local and then venturing into international markets. This should however not always be the case.
The availability of technology and ease in conducting trade anywhere in the world means that more SMEs should endeavor to be Born Global’s and INVs that take advantage of the free trade world to take advantage of opportunities available by venturing into international markets from the onset.

5.5.2 Suggestions for Further Studies

The study recommends that future research can use the same objectives to focus on specific sectors like manufacturing, service among others in order to have a firm specific approach to the study and to find the similarities or differences amongst sectors internationalization. Researchers can also investigate whether there is a relationship between the market entry strategy and the success of internationalization.
REFERENCES


APPENDICES

APPENDIX I: QUESTIONNAIRE

You have been selected to participate in a study to assess Internationalization of Small and Medium Sized Enterprises. You are requested to respond to each question truthfully. The information is required for academic purposes only and will be treated as confidential.

SECTION 1

BIO-DATA

Please tick (√) against the relevant answer

1. What is your gender?
   [ ] Male  [ ] Female

2. Please specify your age group
   [ ] 18-25 Years  [ ] 26-33 Years  [ ] 34-41 [ ] Years 42 years and above

3. Level of education?
   [ ] Diploma  [ ] Undergraduate  [ ] Masters
   Other (Please specify) _____________________

4. What is your position in the company?
   [ ] Entrepreneur/Owner  [ ] Top Management  [ ] Middle level Management
   [ ] Operational staff  other (Please specify) _____________________

5. What sector does the company operate in?
   [ ] Service  [ ] Manufacturing  [ ] Logistics  [ ] Information Technology
   [ ] Retail  Other (Please specify) _____________________
6. Does your company engage in international operations?

[ ] Yes               [ ] No

7. If Yes, Kindly specify what international operations your company is engaged in:

8. How long has the company been in existence?

<table>
<thead>
<tr>
<th>Duration</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
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</tr>
<tr>
<td>5-10 years</td>
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<tr>
<td>11-15 years</td>
<td></td>
</tr>
<tr>
<td>More than 15 years</td>
<td></td>
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</tbody>
</table>

9. How many employees are there in your organization?

<table>
<thead>
<tr>
<th>Number</th>
<th>[ ]</th>
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</thead>
<tbody>
<tr>
<td>2-10</td>
<td></td>
</tr>
<tr>
<td>11-20</td>
<td></td>
</tr>
<tr>
<td>21-30</td>
<td></td>
</tr>
<tr>
<td>30 and above</td>
<td></td>
</tr>
</tbody>
</table>

10. What are the reasons that lead to internationalization of your company?

<table>
<thead>
<tr>
<th>Reason</th>
<th>[ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion</td>
<td></td>
</tr>
<tr>
<td>Increased sales</td>
<td></td>
</tr>
<tr>
<td>Company strategy</td>
<td></td>
</tr>
<tr>
<td>Demand from other markets</td>
<td></td>
</tr>
<tr>
<td>Other (Please specify)</td>
<td></td>
</tr>
</tbody>
</table>
**SECTION 2**

**MOTIVATING FACTORS LEADING TO INTERNATIONALIZATION**

Please specify the extent to which you agree with the following statements

**Rating Scale:** 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rating Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The entrepreneur’s skills and experience leads a firm to go into</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>international markets.</td>
<td></td>
</tr>
<tr>
<td>2. Internationalization is influenced by opportunity recognition.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3. Availability of resources increases motivation to go international.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4. The company’s technological and human competencies motivating</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>internationalization.</td>
<td></td>
</tr>
<tr>
<td>5. The company’s strong networks motivated venturing into</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>international markets.</td>
<td></td>
</tr>
<tr>
<td>6. The Kenyan environment motivated initial international</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>entrepreneurship.</td>
<td></td>
</tr>
<tr>
<td>7. A competitive environment encouraged internationalization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>8. The favorable trade tariffs and import regulations of other countries</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>encouraged internationalization.</td>
<td></td>
</tr>
<tr>
<td>9. The products ready demand in foreign markets encouraged international</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>zation.</td>
<td></td>
</tr>
<tr>
<td>10. What other motivating factors not mentioned above lead to</td>
<td></td>
</tr>
<tr>
<td>internationalization?</td>
<td></td>
</tr>
</tbody>
</table>

.................
SECTION 3

MARKET ENTRY STRATEGIES USED BY SME’S IN INTERNATIONALIZATION

1. What market entry strategy do you use in internationalization of the company?
   [ ] Exporting
   [ ] Licensing
   [ ] Wholly owned subsidiaries
   [ ] Joint ventures
   [ ] Strategic alliances
   Other (Please specify)____________________

2. Briefly give the reasons for choosing the above mode of entry……………………………………………………………………………………

3. Is the entry mode used successful?
   Yes [ ] No [ ]

SECTION 4

BENEFITS OF INTERNATIONAL ENTREPRENEURSHIP

Please specify the extent to which you agree with the following statements

Rating Scale: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Rating Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increased profits are a benefit of internationalization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>2. Availability of new markets benefits the organization in internationalization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>3. Human and social capital is developed as a result of internationalization.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>4. International entrepreneurship has led to economic growth of the home country.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>5. International entrepreneurship is an agent of economic growth in foreign markets.</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
6. What other benefits not mentioned above are experienced as result of internationalization?

_______________________________________________________________________
_______________________________________________________________________
_______________________________________________________________________

SECTION 5

BARRIERS TO INTERNATIONAL ENTREPRENEURSHIP

Please specify the extent to which you agree with the following statements

**Rating Scale:** 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1. Price based barriers discourage internationalization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. Non-tariff barriers discourage internationalization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. Differing cultures from the home country are a barrier to internationalization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4. Strong local foreign competition bar internationalization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. Political and legal barriers bar internationalization.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

6. What other barriers not mentioned above are experienced in internationalization?

_______________________________________________________________________

Thank you!
APPENDIX II: TOP 100 MID-SIZED COMPANIES 2015

1. PHARMAKEN LIMITED
2. PROFESSIONAL CLEAN CARE LTD
3. IZMIR ENTERPRISES LTD
4. WARREN CONCRETE LTD
5. BONFIRE ADVENTURES LIMITED
6. SUPERIOR HOMES KENYA LTD
7. LEAN ENERGY SOLUTIONS LTD
8. SUPERBROOM SERVICES LTD
9. SOFTWARE TECHNOLOGIES LTD
10. HIPORA BUSINESS SOLUTIONS
11. WELL TOLD STORY LTD
12. AMEX AUTO & INDUSTRIAL HARDWARE LTD
13. DATAGUARD DISTRIBUTORS LTD
14. WAUMINI INSURANCE BROKERS LTD
15. PINNACLE (K) TRAVELS & SAFARIS LTD
16. TROPikal BRANDS A LTD
17. RUSHAB PETROLEUM LTD
18. ALLWIN PACKAGING INTL. LTD
19. D&G INSURANCE BROKERS LTD
20. SHEFFIELD STEEL SYSTEMS LIMITED
21. COAST INDUSTRIAL & SAFETY SUPPLIES LIMITED
22. NOVEL TECHNOLOGIES EA LTD
23. POWERPOINT SYSTEMS EA LTD
24. MACHINES TECHNOLOGIES (2006) LTD
25. LOGISTIC SOLUTIONS LTD
26. HAJAR SERVICES LTD
27. SUPREME PHARMACY LIMITED
28. NORTH STAR COOLING SYSTEMS LTD
29. UNITED EAST AFRICA WAREHOUSES LTD
30. JO WORLD AGENCIES LIMITED
31 RAVENZO TRADING LIMITED
32 GENERAL CARGO SERVICES LTD
33 MPPS (1998) LTD
34 KISIMA ELECTRO MECHANICALS LTD
35 BTB INSURANCE BROKERS LTD
36 SPECIALIZED ALUMINIUM RENOVATORS LTD
37 SPENOMATIC LTD
38 BLUEKEY SOFTWARE SOLUTIONS (K) LTD
39 MANDHIR CONSTRUCTION LTD
40 ASTRAL INDUSTRIES LTD
41 EXON INVESTMENTS LIMITED
42 EXPRESS COMPANY LTD
43 RILEY SERVICES LIMITED
44 IMPAX BUSINESS SOLUTIONS
45 MIC GLOBAL RISKS INSURANCE BROKERS LTD
46 PRAFULCHANDRA & BROTHERS LTD
47 ZEN GARDEN LTD
48 ARK CONSTRUCTION LIMITED
49 HOMESCOPE PROPERTIES LTD
50 TRIDENT PLUMBERS LTD
51 SOLLATEK ELECTRONICS (K) LTD
52 AIRTOUCH COOLING SYSTEMS LTD
53 RILEY FALCON SECURITY
54 WOTECH KENYA LTD
55 CIRCUIT BUSINESS SYSTEMS LTD
56 SILVERBIRD TRAVEL PLUS LTD
57 GENERAL AUTOMOBILE CORPORATION LTD
58 HOSPITALITY SYSTEMS CONSULTANTS
59 TOTAL SOLUTIONS LTD
60 NDUGU TRANSPORT CO. LTD
61 NAPRO INDUTRIES LTD
<p>| | |</p>
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<tbody>
<tr>
<td>62</td>
<td>DEVSONS INDUSTRIES LTD</td>
</tr>
<tr>
<td>63</td>
<td>DUNE PACKAGING LIMITED</td>
</tr>
<tr>
<td>64</td>
<td>KANDIA FRESH PRODUCE SUPPLIERS LIMITED</td>
</tr>
<tr>
<td>65</td>
<td>KENCONT LOGISTICS SERVICES LIMITED</td>
</tr>
<tr>
<td>66</td>
<td>COMPULYNX LTD</td>
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<td>67</td>
<td>SMART BRANDS LIMITED</td>
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<tr>
<td>68</td>
<td>FURNITURERAMA LTD</td>
</tr>
<tr>
<td>69</td>
<td>MASTER FABRICATORS LTD</td>
</tr>
<tr>
<td>70</td>
<td>EXECUTIVE HEALTHCARE SOLUTIONS LTD</td>
</tr>
<tr>
<td>71</td>
<td>EDUCATE YOURSELF LTD</td>
</tr>
<tr>
<td>72</td>
<td>ORBIT ENGINEERING LTD</td>
</tr>
<tr>
<td>73</td>
<td>KENYA BUS SERVICE MANAGEMENT</td>
</tr>
<tr>
<td>74</td>
<td>EUROCON TILES PRODUCTS LTD</td>
</tr>
<tr>
<td>75</td>
<td>HYDRO WATER WELL (K) LTD</td>
</tr>
<tr>
<td>76</td>
<td>TYPOTECH IMAGING SYSTEMS</td>
</tr>
<tr>
<td>77</td>
<td>BAGDA'S AUTO SPARES LTD</td>
</tr>
<tr>
<td>78</td>
<td>STATPRINT LIMITED</td>
</tr>
<tr>
<td>79</td>
<td>OIL SEALS AND BEARINGS CENTRE LTD</td>
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<tr>
<td>80</td>
<td>NATIONWIDE ELECTRICAL LTD</td>
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<tr>
<td>81</td>
<td>KENBRO INDUSTRIES LTD</td>
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<tr>
<td>82</td>
<td>CUBE MOVERS LIMITED</td>
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<td>83</td>
<td>NEWLINE LIMITED</td>
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<td>84</td>
<td>SPECIALISED HARDWARE LIMITED</td>
</tr>
<tr>
<td>85</td>
<td>NAIROBI ENTERPRISES LTD</td>
</tr>
<tr>
<td>86</td>
<td>FARMPARTS LIMITED</td>
</tr>
<tr>
<td>87</td>
<td>SOLOH WORLDWIDE INTER-ENTERPRISES LIMITED</td>
</tr>
<tr>
<td>88</td>
<td>DEEPA INDUSTRIES LIMITED</td>
</tr>
<tr>
<td>89</td>
<td>RELIABLE CONCRETE WORKS</td>
</tr>
<tr>
<td>90</td>
<td>AVTECH SYSTEMS LIMITED</td>
</tr>
<tr>
<td>91</td>
<td>BELL ATLANTIC COMMUNICATIONS LTD</td>
</tr>
<tr>
<td>92</td>
<td>IDEAL MANUFACTURING CO. LTD.</td>
</tr>
</tbody>
</table>
93 EMOMENTUM INTERACTIVE SYSTEMS LTD
94 PALMHOUSE DAIRIES LTD
95 GACHICHIO INSURANCE BROKERS LTD
96 SYNERGY GASES (K) LTD
97 IRON ART LIMITED
98 KISIMA DRILLING (EA) LTD
99 DE RUITER EA LIMITED
100 ROY TRANSMOTORS LIMITED