FACTORS AFFECTING ENTRY OF
TELECOMMUNICATION COMPANIES IN KENYA: A
CASE OF HUAWEI

BY

SARAH MUTEMA

UNITED STATES INTERNATIONAL UNIVERSITY
AFRICA

SUMMER 2017
FACTORS AFFECTING ENTRY OF TELECOMMUNICATION COMPANIES IN KENYA: A CASE OF HUAWEI

BY

SARAH MUTEMA

A Research Project Report 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 2017
DECLARATION

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

Signature -------------------------- Date……………………………

SARAH MUTEMA (ID:624654)

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

Signed -------------------------- Date……………………………

Dr. KEFAH NJENGA

Signed: ________________________ Date: _______________________________

Dean, Chandaria School of Business
ABSTRACT

The purpose of this study was to analyze factors affecting entry of telecommunication industry in Kenya: a case of Huawei. The study was guided by the following research objectives; to establish the impact of marketing mix on entry Strategies in the telecommunication sector, to analyze the effects of macroeconomic factors on the performance of firms in the telecommunication industry in Kenya and to analyze the effect of microeconomic factors on the performance of firms in the telecommunication industry in Kenya.

A descriptive research design and qualitative and quantitative data was used to analyze descriptive statistics. The total population of this study comprised of 88 managers in Huawei Outlets in Nairobi and a total census was done. Data was collected using well-structured questionnaire. The data obtained was analyzed using statistical Package for Social Sciences (SPSS) and excel. Percentages, means, standard deviations, frequencies was used to present results.

The findings from the first objective revealed that Huawei has used product differentiation in Kenya, and the use of point of purchase has created a link between consumer sales promotion and trade sales promotion. It was also revealed that Huawei has lowered prices and increased promotions when faced with threat from competitors, and Huawei has ensured that customers have ease of access to products. The study also revealed that at Huawei, retail location is considered to be an important element of the retail mix and prices have been changed based on the prices of competitors. The findings also revealed that Huawei products are perceived of high quality and affordable.

From the analysis, the findings from the second objective revealed that social and cultural issues have affected Huawei performance. It was also revealed that while economic factors such as inflation and availability of disposable income influence performance of the company. It was also established that suppliers, buyers, product substitutes and increase in competition among other companies affects Huawei’s performance and heavy taxation on mobile operators has led to unnecessary excessive cost of services for consumers. Huawei has used low price strategy to price its products while existence of anti-competitive practices has affected its competition.
The last objective revealed that Huawei has participated in trade associations and use of marketing intelligence has helped the firm achieve a competitive advantage. It was also revealed that the company motivates its employees and has used management practices to boost employee morale. It was also noted that Huawei practiced best management practice and networking has improved Huawei’s performance. It was also noted that the firm has used market intelligent to develop market and get more knowledge on external environment.

The study concluded that in the telecommunication industry, there is a wide variety of consumers and therefore adoption of differentiation is vital. In addition, there is a rampant competition between the various companies, and price matters a lot, therefore, Huawei has lowered prices and increased promotions when faced with threat from competitor. It was also concluded that social and cultural environment in the market affects Huawei performance. Similarly, economic factors such as inflation and availability of disposable income has influenced the performance of the company. Lastly it was concluded that to market its products the company has participated in trade associations and adopted the use of marketing intelligence to achieve a competitive advantage. The company also knows the value of its employees and thus undertake motivation and boost employee morale.

It was recommended that Huawei should continue utilizing product differentiation in Kenya so as to serve the various classes of consumers. Huawei also need to establish reasonable prices to avoid lowering prices when faced with threat from competitors. Huawei also need to ensure customers have increased access to products. Secondly it was recommended that Huawei needs to undertake an effective situation analysis and create a good relationship with suppliers and buyers, as well as invest a lot in research and development in order to compete effectively in the dynamic market. Lastly, Huawei needs to continue its participation in trade associations and exhibition to boost its sales and market growth. The firm should also increase that use of marketing intelligence to remain competitive in the market. There should be an increased motivation of employees to guarantee continuous efficiency. It was also recommended that further studies should be done in other companies in the sector in order to generalize the findings.
ACKNOWLEDGEMENTS

I take this opportunity to give thanks to the Almighty God for giving me good health and strength to go through this study. I am greatly indebted to my supervisor Dr. Kefah Njenga for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives. And for the support of the many individuals that made it possible for production of this research document for their support, may the Almighty bless you.
DEDICATION

I dedicate this research project to my family members. They gave me the will and determination to complete my masters.
TABLE OF CONTENT

DECLARATION .................................................................................................................. ii
ABSTRACT ......................................................................................................................... iii
ACKNOWLEDGEMENTS ................................................................................................... v
DEDICATION .................................................................................................................... vi
LIST OF TABLES ............................................................................................................... x
LIST OF FIGURES .......................................................................................................... xi
LIST OF ACRONYMS AND ABBREVIATIONS ................................................................. xii

CHAPTER ONE .............................................................................................................. 1

1.0 INTRODUCTION ..................................................................................................... 1

1.1 Background of the Study ......................................................................................... 1
1.2 Problem Statement ................................................................................................... 5
1.3 General Objective .................................................................................................... 6
1.4 Research Objective .................................................................................................. 6
1.5 Importance of the Study .......................................................................................... 6
1.6 Scope of the study .................................................................................................... 7
1.7 Definition of Term .................................................................................................... 7
1.8 Chapter Summary ..................................................................................................... 8

CHAPTER TWO ............................................................................................................ 10

2.0 LITERATURE REVIEW .......................................................................................... 10

2.1 Introduction .............................................................................................................. 10
2.2 The Impact of Marketing Mix on Entry Strategies in the Telecommunication .......... 10
2.3 Environment Factors affecting Market Entry Mode Adopted .................................... 14
2.4 Steps Taken To Address Challenges To Market Entry .............................................. 17
2.5 Chapter Summary ................................................................................................... 21
# CHAPTER THREE

3.0 RESEARCH METHODOLOGY ................................................................. 22

3.1 Introduction ...................................................................................... 22
3.2 Research Design ................................................................................ 22
3.3 Population and Sampling Design ......................................................... 22
3.4 Data Collection Methods .................................................................... 24
3.5 Research Procedures .......................................................................... 24
3.6 Data Analysis Methods ....................................................................... 25
3.7 Chapter summary ................................................................................ 26

# CHAPTER FOUR

4.0 RESULTS AND FINDINGS ................................................................. 27

4.1 Introduction ...................................................................................... 27
4.2 Demographical Attributes ................................................................... 27
4.3 Impact of Market Mix adopted by Huawei Kenya ................................. 31
4.4 Influence Of The Environment In Determining Market Entry Mode Adopted .... 32
4.5 Steps Taken To Address Challenges To Market Entry By Huawei Kenya ...... 33
4.6 Performance of Telecommunication Sector .......................................... 34
4.7 Inferential Statistics ............................................................................ 35
4.8 Chapter Summary .............................................................................. 37

# CHAPTER FIVE

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS ............. 39

5.1 Introduction ...................................................................................... 39
5.2 Summary ........................................................................................ 39
5.3 Discussion ....................................................................................... 40
5.4 Conclusion ....................................................................................... 45
5.5 Recommendations ............................................................................ 46
**LIST OF TABLES**

Table 4.1: Descriptive on Variables Of Market Mix Adopted By Huawei ................31

Table 4.2: Descriptive of Influence of Environment in Determining Market Entry ........32

Table 4.3: Steps Taken to Address Challenges to Market Entry by Huawei Kenya ....33

Table 4.4: Descriptive on Performance of Telecommunication Sector ..................34

Table 4.5: Cronbach Reliability Test .................................................................35

Table 4.6: Correlation Analysis ........................................................................36

Table 4.7: Model Fit ..........................................................................................36

Table 4.8: ANOVA Of Performance of Telecommunication and cofactors .............37

Table 4.9: Coefficient of Performance Of Telecommunication and Cofactors ........37
LIST OF FIGURES

Figure 4.1: Response Rate .................................................................................................27
Figure 4.2: Respondent Age ..............................................................................................28
Figure 4.3: Gender ...............................................................................................................28
Figure 4.4: Marital Status ..................................................................................................29
Figure 4.5: Education .........................................................................................................29
Figure 4.6: Work experience ..............................................................................................30
Figure 4.7: Management Level .........................................................................................30
LIST OF ACRONYMS AND ABBREVIATIONS

3G - Third Generation
4G - Fourth Generation
ARPU - Average Revenue Per User
CCK - Communications Commission of Kenya
IB - International Business
ICT - Information and Communications Technology
JV - Joint Venture
MNC - Multinational Corporation
MNEs - Multinational Enterprises
R & D - Research and Development
SD - Standard Deviation
TNC - Transnational Company
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

There are a number of modes for entering an overseas market and selecting the best strategy depends on a number of factors. The choice will involve a trade-off between the amount of governing an organization requires and the level of commitment of resources. Before selecting a market entry mode, an organization should consider evaluating its business standing as well as its strengths and weaknesses (Johnson, 2008). According to Lynch (2008), it is necessary for firms to extremely understand how enterprise is conducted in an industry of interest and more emphasis in its target market. International experience that a firm attains also plays a major role in making the necessary decision on market entry. The other necessary factor is how much resources are at the firms disposal for utilization in attaining this objective as well as the organization’s ability levels, resource capability, and best suited entry options for its products or services.

As Lovas and Ghoshal (2000) noted that international business avails to a firm the possibility of exploiting three major sources of the competitive advantage not available for national companies this are; global efficiencies, multinational flexibility and worldwide learning process. The international firm can improve its efficiency either through its location advantages, or through the scope or scale economies. The first ones appear when locating the production subsidiaries in any place of the world, in order to have the lowest cost of production or distribution, or the highest quality of goods and services. The multinationals may reduce their costs achieving scale economies. Moreover, by expanding the production lines in every country they enter, the companies may also enjoy scope economies. In this situation, not only do they cut the production and marketing costs, but also they intensify the lowest line-levels.

Driscoll (2005) makes a distinction between three broad groupings of foreign market entry modes; export, contractual and investment-based. Keegan (2003), notes that most classifications of market entry modes contain only generic categories, such as direct or indirect exporting, franchising, licensing, joint venturing, partially or wholly owned overseas subsidiary, management contracting and contract manufacturing. Market entry mode selection is a particular case of the wider decision process category often referred to
in the literature as market servicing decisions (Barker & Kaynak, 2002; Benito & Welch, 2004). According to Root (2004), three basic approaches to entry mode selection are possible: selection in absence of any market entry strategy, or ``the sales approach'' characterized by, among others, short time horizons, no systematic selection criteria, few product adaptations and no effort to control overseas distribution; selection in accordance with an existing market entry strategy (naïve or pragmatic rules (Root, 2004); and selection which considers some strategy rule(s) and involves systematic comparisons of alternative modes available.

Daniels, Radebaugh and Sullivan (2007), describes International Business (IB) as all transactions that take place between two or more regions, countries and nations beyond their political boundaries that are commercial in nature they include private and governmental, sales, investments, logistics, and transportation transactions. Usually, private companies undertake such transactions for profit; governments undertake therefore profit and for political reasons. International Business refers to business activities which involve cross border transactions of goods, services, resources between two or more nations. Transaction of economic resources include capital, skills, people etc. for international production of physical goods and services such as finance, banking, insurance, construction etc. (Joshi, 2009).

Daniels, Radebaugh and Sullivan (2007), indicated that enterprises that are involved in International Business are referred to as multinational enterprises (MNEs). Therefore, MNEs are companies that have a worldwide approach to markets and production or one with operations in more than a country often called multinational corporation (MNC) or transnational company (TNC). MNE is an efficient agent for transferring capital, managerial skills, culture, technology, industrial know how, product design, line and brand name, and goods and services across countries. MNE also transfers information such as its superior information gathering ability, headquarters discoveries, and exploit opportunities beyond the domestic market. MNE can bear the risks of ventures great size and financial strengths better than the domestic company can do.

The issue of market entry strategy continues to be of great interest to international business academics and practitioners (Malhotra et al., 2003; Mayrhofer, 2004). The chosen market entry strategy is important as it determines the manner in which multinational enterprises (MNEs) develop and implement marketing programs,
coordinate business activities both within and across markets, and ultimately the MNEs’ success in foreign markets (Malhotra et al., 2003). From a market entry strategy standpoint, one of the greatest challenges for MNEs investing abroad is overcoming the liability of foreignness (LOF), i.e. The liability associated with foreign operations (Medias, 2002; Miller & Parkhe, 2002).

Market entry strategies are inherently difficult. A firm’s managers need to consider the influence of numerous factors both internal and external to the firm in deciding when and how to enter a market with a new product (Lieberman & Montgomery, 2001). Firms face a particularly difficult decision of planning when it is best to enter a market with a new product in response to a market introduction of a pioneering new product by a major competitor. When the competitive stakes are high, it is clearly in a firm’s best interest for its management to plan carefully such a market entry timing decision by giving careful consideration to a broad array of information including information on the competitor, the competitor’s product offering, the market, and the firm’s internal resources and product offerings.

Telecommunication in Kenya dates back to the 19th century with Kenya's earliest telecommunications connections to the outside world were the submarine cables linking Zanzibar, Mombasa, and Dar-es-Salaam laid by the Eastern & South African Telegraph Company in 1888. Internally, the construction of a telegraph network began with a 200-mile coastal line linking the port city of Mombasa with Lamu. Extension into the interior of the country began in 1896 in conjunction with the building of the railway system, forming a dual "backbone" for Kenya's communications infrastructure. Telephone service soon followed. In 1908, the public telephone network began service in Nairobi, the capital, and in Mombasa. In Nairobi that year, eighteen telephone subscribers were connected.

Since the beginning of the liberalization of the telecommunications sector in 1999, Kenya has seen fast Internet growth and even faster mobile phone growth. Encouraged by this development, the government has plans to turn Kenya into East Africa's leader in Information and Communications Technology (ICT). Since1999, Kenya has experienced radical changes as the liberalization process of the telecommunications sector began. of vital importance to the process was the establishment of the Communications Commission of Kenya (CCK) in February of that same year through the Kenya
Communications Act, 1978. CCK's role is to license and regulate telecommunications, radio communication, and postal services in Kenya. Since then a visible boost has gripped the industry. Kenya’s telecommunications and broadband market has undergone a revolution following the arrival of four fiber-optic international submarine cables, ending its dependency on limited and expensive satellite bandwidth. The country's international bandwidth increased more than fifty-fold between 2009 and 2013.

A price war has characterized Kenya’s mobile communications sector in recent years, following the market entry of the third and fourth network. This has led to accelerated subscriber growth, but it has also presented challenges to the profitability of the operators, forcing them to streamline their operations and develop new revenue streams in an environment of falling average revenue per user (ARPU) in the voice market. Third generation (3G) mobile broadband services as well as mobile payment and banking services are delivering these additional revenues, but all service segments are highly competitive. For fourth generation (4G/LTE) technology, the Kenyan government is following a unique open-access approach with plans to license a multi-faceted consortium to operate the network.

Huawei Technologies Company Limited is a Chinese multinational networking and telecommunications equipment and services company headquartered in Shenzhen, Guangdong. It is the largest telecommunications equipment market in the world, having overtaken Ericsson in 2012. Huawei is a leading global ICT solutions provider, and was founded in 1988 by ex-military officer Ren Zhengfei and formed as a private company owned by its employees. Its core missions are building telecommunications networks, providing operational and consulting services and equipment to enterprises inside and outside of China, and manufacturing communications devices for the consumer market.

Huawei has over 140,000 employees, around 46% of whom are engaged in research and development (R&D). It has 20 R&D institutes in countries including China, the United States, Germany, Sweden, Ireland, India, Russia, and Turkey. Its products and services have been deployed in more than 140 countries and it currently serves 45 of the worlds 50 largest telecoms operators, contributing to the sustainable development of society, the economy, and the environment, Huawei creates green solutions that enable customers to reduce power consumption, carbon emissions, and resource costs. Africa is a fast growing region for Huawei, where core business areas include solutions for operators,
global services, consumers, and enterprises. More than 60 operators in more than 20 African countries deploy Huawei solutions. Huawei has operations in Kenya.

1.2 Problem Statement

Despite the growing volume of research focusing on the internationalization process, there is still insufficient knowledge about the factors which encourage firms in entering regional markets. Consequently, there remains considerable debate surrounding the factors encouraging manufacturing as well as construction/services ventures to export their goods or services abroad (Kimani, 2011). A study conducted by Koch (2001) in Australia, found out that every international market expansion and entry mode selection process begins with the recognition of the need to expand internationally. The recognition is based on an analysis of company objectives, the market selection and entry mode selection depend greatly on the external and internal environment.

For a multinational corporation (or a company thinking of entry into the international arena), a more particular set of strategic alternatives, often changing depending on the selected country focuses on several ways to enter a foreign market. Managers need to know how potential new markets may best be dealt with by still considering the risks and the serious environmental factors associated with specific entry. At the same time, the selection of overseas markets and entry modes is a very central part of any company's international strategy. The vitality of the relevant analysis and of resulting decisions grows with increasing dependence of companies on international business for survival and growth. An increased intensity of competition would demand an improved quality of the overseas market and entry mode selection (Koch, 2001).

According to Burca (2004), internal factors show how the characteristics of management as well as the characteristics of the company can affect the decisions taken regarding the form of market entry and the form of expansion. According to Holensen (2004), internal factors could be seen as the firm size, international experience and the product itself. He also states that factors external to the firm can influence the type of market entry which is most suitable for the firm in a given situation. The role can be perceived as either motivation or a barrier to international activities. The external factors consists of the international nature and attractiveness of the product, the general potential of the chosen international market, government regulations and trade barriers, such as on purpose
administrative delays, local content requirements, assistance presented by governments and other stakeholders in both the domestic and international markets.

Considerable research has been conducted that suggests the desirability of certain market entry timing strategies for a wide array of conditions in the competitive environment (Bowman & Gatignon, 1995; Brown & Lattin, 1994; Green et al., 1995). Locally, studies regarding entry strategies and multinational enterprises in Kenya have been done. Mutambah (2012), conducted a study on entry strategies adopted by multinational manufacturing companies in Kenya. Ndewiga (2010), conducted a study foreign market entry strategies used by British Multinational corporations in Kenya. Kwemoi (2011), did a study to determine foreign market entry strategies used by multinational corporations in Kenya taking a case of Case of Coca Cola Kenya Ltd. However, despite this massive inquiry into entry strategies by MNCs into Kenyan Market, none of these studies, both local and international, has focused on the entry strategies used by the Huawei Technologies Co. Ltd into the Kenyan market. It is in this light that the study seeks to fill the existing gap in this area by investigating, what are the international entry strategies used by Huawei to enter the telecommunication industry in Kenya?

1.3 General Objective
The study sought to determine factors affecting entry into telecommunication industry Kenya.

1.4 Research Objective
1.4.1 To establish the impact of marketing mix on entry Strategies in the Telecommunication sector.

1.4.2 To establish influence of the environment in determining the market entry mode adopted by Huawei Kenya.

1.4.3 To establish steps taken to address challenges to market entry by Huawei Kenya.

1.5 Importance of the Study
1.5.1 Academicians
To the academicians, the study will provide a useful basis upon which further studies on market entry strategies in the private sector could be conducted. This is because, the study
will add to the existing pool of knowledge and therefore form part of literature on entry strategies by multinationals.

1.5.2 Government

To the government, the study is useful to the government in policy making regarding taxation and other regulatory requirements of the multinational enterprises operating in the country.

1.5.3 Multinational Organizations

To the Kenyan multinational enterprises, the study is invaluable to the Kenyan multinational enterprises management in that it will provide an insight into the various strategies used when entering a new market for effective and successful marketing strategy and increase of profits.

1.6 Scope of the study

The study was conducted within Nairobi Central Business District. The research will focus on 88 managers from 49 Huawei outlets. Data was collected using questionnaires, which was personally administered by the researcher. The main limitation anticipated is failure of respondents to fill the questionnaires and to curb this the researcher will seek assistance from the senior managers at the institutions.

1.7 Definition of Term

1.7.1 Multinational Corporation

Multinational corporations (MNCs) operate in a global environment unfamiliar in political economic, social, cultural, technological, and legal aspects (Chung, & Enderwick 2001).

1.7.2 Direct Marketing

Is a process of communicating directly to customers through cell phone text messaging, email, websites, online adverts, database marketing, fliers, catalog distribution, promotional letters and targeted television, newspaper and magazine advertisements (Chiang, Chhajed, & Hess 2003).
1.7.3 Franchising

Franchising is a similar entry to licensing. Franchising it the payment of a royalty fee, the franchisee will obtain the major business know how via an agreement with the franchiser. The know how will includes such intangible properties as patents, trademarks and so on (Chung, & Enderwick 2001).

1.7.4 Indirect Marketing

Indirect marketing is a process where businesses market their product, idea or service without using direct advertising methods (Kiang, Raghu, & Shang, 2000).

1.7.5 Entry Strategies

A market entry strategy is the planned method of delivering goods or services to a target market and distributing them there. When importing or exporting services, it refers to establishing and managing contracts in a foreign country (Kimani, 2011).

1.7.6 External Environment

An external environment is composed of all the outside factors or influences that impact the operation of business. The business must act or react to keep up its flow of operations. The external environment can be broken down into two types: the micro environment and the macro environment (Holensen, 2004).

1.7.7 Internal Environment

The internal business environment includes factors within the organization that impact the approach and success of your operations (Holensen, 2004).

1.8 Chapter Summary

This chapter presents the background on the strategic responses used by telecommunication companies. The first chapter is divided into various main sections. Section one gives the detailed background of the study, section two describes the problem statement in the context of other studies. Next is the purpose of the study, which is followed by the research questions. The next section provides the significance of the study. The scope of the study is provided as well as the working definitions of the study. Chapter two presents an overview of the literature review available according to the
research questions. In chapter three the methodology applied in the study is well explained, and in chapter four the result and findings of data analysis are presented. Chapter five offers discussion and findings in comparison to the findings of the research.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents empirical literature and theoretical foundation related to the research questions of the study which are to analyze the impact of marketing mix on Huawei Kenya. To establish influence of the external environment in determining the market entry mode adopted by Huawei Kenya. To establish influence of internal environment in determining the market entry mode adopted by Huawei Kenya.

2.2 The Impact of Marketing Mix on Entry Strategies in the Telecommunication

According to Doyle (2002), states that marketing mix is a set of marketing tools; product, price, promotion and place. It is used by retail stores to achieve their objectives. Baker (2005) asserts that marketing mix is the only way to maximize customer’s satisfaction and it results in higher sales and market share.

![Marketing Mix Diagram](image)

**Figure 2.1: The promotional mix.**

**Source:** Crosier (2003)
2.2.1 Product

According to Kotler (2008), product is anything that can be offered to a market for attention, acquisition, or use, or something that can satisfy a need or want. Therefore, a product can be a physical good, service, a retail store, a person, an organization, or even an idea. Products are the means to an end wherein the end is the satisfaction of customer needs or wants. Products can be divided into two sections, namely consumer products, which are for personal use or enjoyment, and business products, which are bought for resale or use in a business (Ferrell & Hartline, 2007). Product differentiation is the process where a firm develop products or services that have unique attributes that customers value and perceive to be better and different form their competitors Svatopluk and Ljuba (2006). Differentiation may be achieved in various ways, for example through design, brand image, technology, features, customer service, and dealer network (Arthur., Lennoe, & John, 2006).

2.2.2 Place

According to Muchere (2014), place defines the process of how the product is made available for the customer. It includes the retailer’s distribution system, which means the process of how the goods are transported from the manufacturing to the final customer. In addition, it also includes the actual location of the stores of the company. Supermarkets competitively use shop location as a tool to position their business to attract their target customers. Hence creating convinces. Place or distribution is not just about the physical movement of products from manufacturer to consumer. It is also about the ease of access to products, the way they are displayed and the environment in which they are presented. (Muchere,2014).

Pitta (2008), states that if a business is able to draw customers to a store location, the site must be convenient to the customer, easily accessible and provide customers with a feeling of safety upon their arrival and exit. Customers prefer shopping from convenient places (Sohel., Abdullah., & Aminul., 2014). Retail location is considered to be an important element of the retail mix due to the time and expense that is needed to find the right location of a retail business (Kotler 2008). Retail location entails location with good entry and exit, better packing and auxiliary facilities such as banks. Store location affects the timing of shopping trips since consumers may go to a smaller
convenient retail stores for short fill- in trips and go to a larger store for regular shopping trips or go to 24 hours malls. Huawei stores are located based on the type of customers (Business Day 2002).

2.2.3 Promotion

Use of promotion includes various promotion activities that are targeted to the final customer to purchase a product. Promotional activates include use of TV, radio, printed materials, in-store campaigns, and in-store navigation (Doole & Lowe, (2008); Burt, (2011). Promotions are marketing events limited in duration, implemented to directly influence the purchasing actions of customers, with underlying intention of achieving the objectives set out in the marketing strategy for the retailer and or manufacture (Kotler, 2000). Will (2005), retail marketer’s use in house promotional activates such as special displays, in store promotions, attractive and innovative packages.

Point of purchase display and materials are a form of sales promotion strategy used by retail stores to communicate with its target customer. Retail stores display posting of point of sales advertising and signage and point if sales displays. Use of point of purchase creates a link between consumer sales promotion and trade sales promotion. Sales promotion is media or non media marketing pressure applied for a pre determined, limited period at the level of consumer, retailer or wholesalers in order to stimulate trials, increase consumer demand or improve product availability (Kotler, 2003). According to Churchill and Peter (1998), sales promotion is designed to produce quick results that will not only boost sales in the immediate future, but will translate to loyal customers in the long run.

According to Obonyo (2013), promotion is a communication tool that firms use to communicate with their customers, create positive attitude about their product and services. Belch and Belch (2003) use of promotional activities enables a company create a brand image and inform customers about their products and services In addition, Uva, (2000), states that a firms promotional objective include; providing product information, stimulating demand, increasing store traffic, differentiating products, building a brand image, reminding current customers about product benefits, countering competitors’ offers, responding to the news, smoothing out seasonal demand fluctuation, and improving customer relationships. Ma.cristina (2012), states that retailers that are facing threat from discounters responded with lower prices and increased promotions. Some
firms may reduce the level of the service and some may increase differentiation and try to
distinguish their product from their competitors by offering different price /service
combinations.

2.2.4 Price

According to Jobber (2001) asserts that price is a key element of marketing mix because
it represents on a unit basis what the company receives for the product or service which is
being marketed. In other words, price represents revenue while the other elements are
cost. Thuo (2008) states that price is more than simply the amount of money that
consumer pays when making the purchase. It also includes credit or finance deals, any
discounts, special offers, and additional deliveries changes.

According to Hosken (2000), Hosken and Reiffen (2001), Hansen (2006) and Ellickson,
and Misra (2008) states that manufacturers and retailers use pricing strategies such as low
pricing strategies, high low pricing strategies and hybrid pricing (combination of high low
and low price strategies. In addition, Supermarket pricing strategies can be classified into;
demand oriented pricing strategies, cost oriented strategy or mark-up pricing strategies
and competition oriented pricing. Retailers today are using different pricing models to
test the one that will lead to higher purchases, and improve their retail mix
(Grewal, Roggeveen & Nordfalt 2014). Profitability in the retail industry has become a
primary issue as retailers are operating on very thin margins (Bolton, Shankar & Montoya
2007).

In addition, Grewal, Roggeveen & Nordfalt (2014) states that prices are also being
changed based on the prices of competitors, time of the day or even conversion rate. A
study conducted by Sathyamoorthi and Mburu (2016), on an analysis of supermarket
pricing: the case of selected supermarkets in Botswana revealed that shops fixed prices
for items that they felt as right and that a shop could have different prices for one item in
three different intervals. The study further found that prices of products sold at
supermarkets are not controlled by Government and that there is a high degree of
consumer awareness on price fluctuations as they compared prices before they make a
decision to shop.

According to Mburu and Sathyamoorthi (2016), promotional pricing or High-Low pricing
strategy is the process where supermarkets price most of their product higher than the
marked price. The supermarket might decide to sell a limited number of their products below market price, offer discounts on selected categories of items at different intervals throughout the year. Herrmann, Moser and Weber (2009) and Metobo (2013) assert that retail stores to use Hi-Lo strategy to price their products and services. Retail stores put items on special offer and also offer time discount and allowances hence reduce the price of the product form the list price.

According to a research done by Marshall and Leng (2002) on price threshold and discount saturation point in Singapore it was found that there was a positive correlation between the intention to purchase and the discount rate. Kalwani and Yim, 1992 states that if a product is sold at a lower price than the consumers’ reference point then the intent to purchase increases. Whereas several studies have shown that price discounts can lead to a negative consumer perception towards discounted items by undermining perceived quality (Raghubir 2004). In addition, Raghubir (2004) states that if price reduction is too large, most consumers may perceive the product as not being genuine.

2.3 Environment Factors affecting Market Entry Mode Adopted

2.3.1 Economic and Social Factors

According to Isik (2013), for a business to achieve a competitive advantage it needs to be aware of changes that are taking place in the external environment. A company’s direction and strategy can be affected by macroeconomic environment (Thompson, 2008). Government usually introduces laws that might influence business conduct positively or negatively. In Kenya, Ministry of information and communication makes laws and policies that industries will use (Waema, 2007). According to Nwankwo (2000), Economic factors such as inflation, spending power, disposable income and interest rates impacts business. In Kenya Safaricom and Organge are offering price cuts while Airtel are lobbying for lower prices in order to sustain and service their low cost model. Alleman (2012), states that the growth of telecommunications investment or penetration has significant predictor of economic growth, and vice-versa. Lack of telecommunication investment can also prohibit economic development. According to a research done by Alleman et al., (2012): Waema at el, (2007), based on their research it was revealed that over 80% of telephones in the developed countries are connected to businesses or to government agencies.
Emerging social issues and change in attitudes and lifestyles influences changes in the telecommunication industry. Career attitude, safety, age distribution, and income are examples of social cultural factors affecting performance of telecommunication industry in Kenya (Smith-Hillman, 2007). In addition an increase on in the go business career has also influenced the use of mobile phones in Kenya. Employees are able to email, call, and send messages, videoconference and conference call (Smith-Hillman at el, 2007).

2.3.2 Competition

According to a study done by Sheehan (2005), it was found that there exists a set of factors that threatens performance and entry of new multinational corporations, suppliers, buyers, product substitutes and increase in competition among other companies hence determining the attractiveness of the industry. Existence of anti-competitive practices in the industry affects the ability of other companies competing effectively and affecting their performance in the industry (Okoth, 2012). According to Kwama (2010), new multinational companies will always have an acquisition strategy. They price their products at a lower price than what competitors are doing hence being able to attract more customers and improving their performance in the industry.

Moreover, the use of price control poses a challenge for Multinational Corporation hence affecting their performance and entry. According to a study done by Nojiyeza. and Muthoka (2011), on barriers to entry of Kenya’s telecommunication industry, it was found that the use of heavy taxation on mobile operators leads to unnecessary high cost of services for consumers. Heavy taxation is a major setback for new entrants as it puts a huge dent on profit margin thus influencing the ability of a new entrant to roll out their services. High taxes from the regulator and the government adversely affect their ability to price products favorably for effective market entry.

Nojiyeza. and Muthoka (2011) add that the government should make efforts to reduce the tax burden on the telecommunications industry and should in fact incentivize them for the services rendered. The study found that the regulator is not effective in weeding out anti-competitive practices and abuse of market power. Excessive tariff controls reduce tariff flexibility for new entrants and price controls reduce the impact of competition in pushing down prices. Ineffective competition policies that do not protect new entrants from anticompetitive practices and abuse of market power and dominance by the large incumbents affect the ability of new entrants to penetrate the market.
According to Isik et al. (2013), Competitors may react differently to changes that are taking place based on competitive forces due to different resources and competences they have hence influencing the structure of the whole industry and also their performance. Thompson et al. (2008), rival sellers will employ whatever weapons in their business to improve their market positions. In addition, based on his research it was revealed that practice by Safaricom to lock in subscribers into their network and discouraging their customers from calling other networks was a profitable strategy for Safaricom as they are net receivers of interconnection charges from other networks. The researcher also observed that new entrants tend to adopt a low cost low pricing strategy upon entry in order to speed up acquisition (Wang & Chang, 2008). This was the strategy adopted by Essar Telecom which was received with a lot of rivalry by existing operators who were high cost operators and this thus threatened their survival. The study also observed that other operators are finding it difficult to survive in the industry as a result of anti-competitive practices by Safaricom and which the regulator has not addressed (Smith-Hillman et al, 2007).

2.3.3 Cost of Licensing

According to Kerretts (2004), for a business to operate in Kenya it requires a license. License cost varies depending on the economic and political environment. In 2004, Kenyan telecommunication regulator issued a new licensing framework. According to Waema (2007), licensing policies that do not embrace best practice can prove to be a barrier and challenge for new entrants. In addition, the use of bidding process for licensing in can also act as a barrier to entry for new entrants hence affecting their performance. The bidding process can be used by to frustrate entry of new multinational companies int. According to study done by Waema et al, 2007, it was found that new entrants continue to face challenges of corruption and lack of transparency and end up incurring a very high cost of capital. This puts a strain on new entrant’s financials thus affecting their ability to survive in the market (Waema et al, 2007).

According to a research done by Esselaar, Gillwald, Moyo and Naidoo (2010), in their review of sector performance in South Africa the Electronic Communications Act introduces a horizontal licensing framework, which includes class licenses and exemptions, with the intention of making the licensing process less difficult for entrants in certain categories and for the regulator to administer. New entrance also faces a
challenge when it comes to issuance of permits this is because the process is usually lengthy. In addition, the costs of permits are also very high and separate government entities and regulatory bodies issuing status of authorization. Through this, new multinational corporations have to review their roll out plans due to delays form government

2.4 Steps Taken To Address Challenges To Market Entry

2.4.1 Market Intelligence

Market intelligence according to Lackman, Saban and Lanas (2000), is a process of acquiring and analyzing information in order to understand the market (both existing and potential customers) to determine the current and future needs and preferences, attitudes and behavior of the market and to assess changes in the business environment that may affect the size and nature of the market in the future Lackman, Saban and Lanas et al (2000). It is the process of systematic collecting, selecting, opening up, analyzing interpreting and distributing of internal and external gathered information, on a legal basis, from reliable internal, external and/or public sources for direct support of marketing decisions on all levels of the organization. Market Intelligence is about providing a company with a view of a market using existing sources of information to understand what is happening in a market place, what the issues are and what the likely market potential (Rouach, & Santi, 2001). Market intelligence yields competitive advantage through faster decision-making than competitors, better decision-making by information advantages, saving costs and directed investing hence improving performance of a company. Market Intelligence helps to reduce uncertainty and creates a basis for strategic and operational marketing decisions. It encompasses facilitating decision-making and operational performance within organizations (Song & Thieme, 2009).

Bhuian, Menguc, and Bell (2005), market intelligence helps in understanding the (fierce) market developments and their impact, noticing market developments and then acting pro-actively, stealing a march on competitors (reacting faster), helps in continuously knowing information available about external environment (competitors, markets, customers, brands, products, technologies, suppliers, legislation, etc.), well-founded decision-making and building and competitive advantage.
Competitor intelligence, as part of the environmental scanning, firstly introduced by Porter (1980), is commonly considered as essential for decision making processes. Nevertheless, literature points out that the necessity of competitive intelligence for an effective and efficient decision making and for competitive actions is often overlooked (Chen, 1996). Successful companies often monitor their direct competitors and are aware of their actions’ success but neglect to monitor competitors in supply markets (Bergen & Peteraf, 2002). However, in the context of purchasing decisions which are affected by factor market rivalry, scanning the external environment of the competitive landscape is important. Most companies miss to consider their status relative to competitors due to incomplete competitor information (Ramsay, 2001). This causal ambiguity arises ‘when competitors are either unable to determine if an organization has achieved a competitive advantage as a result of some purchasing activity, or know that such an advantage exists but are unable to determine how it was achieved’ (Ramsay, 2001). Literature states that few companies consider competitor-oriented information in their decision making processes (Day & Nedungadi, 1994).

External environmental scanning prerequisites processes of selective search and attention, selective perception and simplification to understand markets, segments, competitive forces and entry barriers (Day & Nedungadi, 1994). This competitor analysis helps create a detailed image of the competitive environment assessing a focal company’s competitive positions and relationships with competing firms (Chen, 1996). Thereby, competitor intelligence is gathered, which has the objective ‘to develop a profile of the nature and success of likely strategy changes each competitor might make, each competitor’s probable response to the range of feasible strategic moves other firms could initiate and each competitor’s probable reaction to the array of industry changes and broader environmental shifts that might occur’ (Porter, 1980). Companies assessing the competitors’ positions usually form representations of their own position, enriched by competitor information, which help to anticipate competitive actions and reactions. In this case, the buying firm’s strategic actions are based on the comparison of the own resources and capabilities with competitors serving to formulate expectations about the competitors’ reactions (Day & Nedungadi, 1994).

These competitor-centered comparisons mainly emphasize on managing ‘judgments of strengths and weaknesses, comparisons of resource commitments and capabilities, value chain comparisons of relative costs, and market share and relative profitability. They are
especially appropriate for companies in markets with strong competitors which aim at defending competitive actions (Day & Nedungadi, 1994). Companies must have a complex, multidimensional picture of all points of dominance or inferiority compared to buyers sharing the same supplier including the competitors’ actions and movements (Insead & Chatain, 2008). This includes the awareness of a company about its own position compared to that of competitors and how these competitive advantages are gained by purchasing activities (Day & Wensley, 1988).

This awareness is crucial to a company’s action and the main driver of competitive attack and response (Chen, 1996). This understanding of a company’s own capabilities and environmental factors facilitates successful decision making (Dean & Sharfman, 1996) and can lead to preferential treatment. Overall, it is questionable whether buyers really know which resources competitors receive from shared suppliers and what status they inherit compared to competitors, as most companies do not consider competitor information within purchasing decisions (Ramsay, 2001). Even though a company might be satisfied with the relationship to the supplier, a competitor might receive preferential treatment. Further, it is unknown if the use of information and knowledge about suppliers and competitors pays off and the preferential resource allocation as well as the competitive advantage are positively influenced (Bergen & Peteraf, 2002). Results by Frishammar and Åke Hörte (2005) also expose that by considering information about competitors a company’s innovation performance is negatively affected. Nevertheless, for achieving the PCS Schiele (2012, pp. 48-49) explicitly highlights the importance of knowing one’s own status relative to the competitors’ in order to pursue a respective resource-based strategy.

### 2.4.2 Management Practices and Social Responsibility

According to Etemesi (2009), Management practices must evolve and change to continue to meet the needs of an organization's performance. The use of management practices has led to a rise of a variety of management techniques such as scientific management, management by objectives, total quality management, risk management, and even crisis management. The use of these techniques will enable an organization to improve on their performance and become more competitive. Organizations that examine their operations and determine which operations are meaningful will be able to have best management practices and set standards and measures that will enable them to improve performance.
Benchmarking is the process of comparing your current operations to those of an organization which is recognized as having achieved best practice, in order to chart your progress towards achieving similar goals. In his study it was revealed that Zain also has very competent management whose management practice, bottom-up approach, boosts employees morale, and commitment towards achieving at the Company's goals and objectives.

Friedman (2007), defines social responsibility as a managerial obligation to take actions that protects and improves both the welfare of society as whole and the interests of the organization. In recent years there have been multiple corporate ethical issues that have influenced social views on corporate America. The number of high profile scandals, has adversely affected customers perception of corporate strategy as it relates to decisions that affect shareholder and employee interests hence affecting companies performance

2.4.3 Networking and Performance

Networks have is an essential factor that can determine performance and survival of an organization (Mir & Filali 2014). Management especially PR and marketing officers should value their ability to develop relationships. Hisrich (1990), suggested that support systems, mentors, and advisors; business associates and friends; participation in trade associations are the significant networks which are positively associated with business performance. According to Abdelrahim (2007), the use of informal mentoring supportive relationships is one of the best ways of establishing a business and these relationships helped the new entrepreneur bypass the obstacles which impede growth, success, and personal fulfillment.

According to Shane (2003), the growth and performance of a business is determined by the entrepreneur's motivation. Psychological motivations such as achievement, independence, and locus of control have received significant research attention to their influence on business start-up but less attention has been paid to their relationship to business performance (Stewart & Roth, 2007). According to Chamorro-Premuzic, Rinaldi, Akhtara, and Ahmetoglu, (2014), individual motivations and goals such as profitability, revenues and sales growth have been found to be related to performance. Researchers found that entrepreneurs typically are motivated by a more complex set of objectives for starting a business.
In addition, Hisrich (1990), found that individual motivations and owner/founder goals are related to performance where opportunity motivation was related to survival and independence was associated with no growth. As a result, motivation shows a strong relationship to performance (Lemer, 2000). Motivation can also be an important factor to firm performance (Miner & Raju 004) In Malaysia, by Nordinâ (2005), revealed that the psychological motives such as self satisfaction and the search for independence and supportive environmental factors such as industry sector and source of finance affect entrepreneurs from Terengganu in exerting themselves into businesses.

2.5 Chapter Summary

This chapter examined literature review from past studies done that are in line with the topic of discussion. This was guided by the research objectives of the study which were to analyze the impact of marketing mix on Huawei Kenya. To establish influence of the external environment in determining the market entry mode adopted by Huawei Kenya. To establish influence of internal environment in determining the market entry mode adopted by Huawei Kenya. In the next chapter, research methodology used for this study and methods of data collection, analysis and development was discussed.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter covers the research design and research method used to carry-out the study. In particular issues related research design, the population, the type of data to be collected, data collection instrument, validity and reliability of the instrument, and the technique for data analysis and presentation are discussed.

3.2 Research Design
A descriptive research design was used for this study. The research strategy involved content analysis in order to find the underlying principles (Denscombe, 2006). The case study design was aimed at establishing factors affecting performance of telecommunication industry in Kenya. Descriptive research designs was used to allow researchers to gather information and summarize, present and interpret data for the purpose of clarification (Maylor & Blackmon, 2005).

3.3 Population and Sampling Design.
3.3.1 Population.
Population is the entire group under study as specified by objectives of the research; it is the universe from which the sample is to be selected (Booth, Roberts & Sikes, 2011). The target population for this study was 88 managers in 49 Huawei Outlets based in Nairobi as provided by the head of human resource. This population provided a good base to gather a representative sample of the different competitive strategy. The intention of selecting managers as the respondents was guided by their knowledge of the general business operations and in depth knowledge about particular decisions made at the firm.

3.3.2 Sampling Design.
Sampling is a means of selecting some part of the group to represent the entire group or the population of interest (Denscombe, 2006). It reduces the length of time needed to complete the study, it cuts costs, it’s manageable, and is almost a mirror of the sample population. According to Maylor and Blackmon (2005), using sampling enables a higher
overall accuracy than a census. In addition, collecting data from fewer cases means that you can collect information that is more detailed.

3.3.2.1 Sampling Frame.

A sampling frame is a list of all the elements in the population from which the sample is drawn (Maylor & Blackmon et al, 2005). It is a complete list of everyone or everything to be studied. The sample of the study will involve managers from Huawei Outlets in Nairobi. Based on Huawei data base there are around 49 outlets located in Nairobi and each outlet has two managers hence giving us a total population of 88 respondents.

3.3.2.2 Sampling Technique.

Random sampling was applied to gain sampling precision as well as reduce the costs of the survey by treating the different groups separately (Cooper & Schindler, 2006). Data collection through enabled the researcher to undertake an intensive research about a problem; in addition, it offers for a high degree of accuracy and is very suitable for a heterogeneous population (Cooper & Schindler, 2003). Since the total population was 88 managers the number was not big and therefore called for a total census, in addition, the population was heterogeneous.

3.3.2.3 Sample Size.

A sample is a representative group of a target population (Kothari, 2008). According to Booth, et al, 2011) the sample size should at least be 10% of the target population for a suitable representation to yield accurate results. Kombo and Tromp (2006), content that the sample size must at least be 30 subjects in a descriptive study, to arrive at accurate results. A sample size is the number of observations acquired from a sample. From the initial population of 88 managers the total population was less than 100 a sample included all the respondents in the study population. A total census was undertaken through hardcopy and soft copy questionnaire. The main reason for targeting the employees and especially the managers was because they have the knowledge with regard to the strategies employed by Huawei.
3.4 Data Collection Methods

Primary data was collected by administering open and close-ended questionnaire to the respondents. To collect the data questionnaire was considered the most convenient tool this was because, it was cheaper and use of structured questions meant that standard data was collected from all respondents without bias.

The questions were structured and respondent were allowed rate their response using a scale of one to five rate where 1(Greatly Agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(Greatly Disagree). The questionnaire had five subsections and the first one was on demography where the respondents particulars such as age, sex, marital status, level of education, management level, duration worked in this organization were asked.

The second, third and fourth section covered response on the specific objectives which was to establish the impact of marketing mix on entry Strategies in the Telecommunication sector, to establish influence of the environment in determining the market entry mode adopted by Huawei Kenya, and to establish steps taken to address challenges to market entry by Huawei Kenya. While the last part dealt with questions on the dependent variable.

3.5 Research Procedures

The questionnaire was delivered to the risk champions in Nairobi Branches. This instrument will allow for cost and time savings for the respondents as well as the researcher. The questionnaire was administered through drop and picks method and were self-administered to reduce interviewer bias. The researcher obtained a research permit from Chandaria School of Business to help in authorization to collect data from the bank.

According to Joppe (2000), “Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull’s eye" of your research object?” (pg.1). Therefore, the researcher made sure that the number of respondents was efficient so as to reduce errors. The questionnaires undertook a pretest to ensure reduction in error during data collection.

A pilot questionnaire was prepared and administered to 5 respondents to ensure the objectivity and clarity of the items. Any suggestions for improvement encountered during
this process were incorporated in the final questionnaire. The researcher first obtained a letter from USIU University for approval of data collection. To effectively collect the data, the study employed the services of a Research Assistant (RA) to help collect data. The RA was adequately trained to understand the questionnaire before commencement of the data collection. During data collection, the researcher sought an appointment with the company selected as respondent and requests them to allow for the administration of the questionnaire. Arrangements were then made on when and how to conduct the data collection.

The questionnaires were delivered by hand to the respondents to save time and to avoid disturbing the respondents; they were allowed to fill the questionnaires at their convenience. The researcher provided guidance and clarifications on how to answer the questions by use of clear instructions in the questionnaire (Kombo & Tromp et al, 2006). The researcher conducted minimal initial interview to confirm the status of the respondents to ensure that the questionnaires were handed to the intended target officers of the company, and clarify issues arising during data collection (McNamara, 2009).

Reliability is the extent to which the measurement was random error-free and produced the same results on repeated trials (Kothari, 2008). The research tool was administered to the respondents who were allowed two days to respond. The data was tested for reliability to establish issues such as data sources, methods of data collection, time of collection, presence of any biasness and the level of accuracy. The test for reliability established the extent to which results were consistent over time.

### 3.6 Data Analysis Methods

Data analysis is the process of analyzing, cleaning, transforming and modeling data collected in a research. Data analysis methods used in the study included both qualitative and quantitative techniques (Mugenda & Mugenda, 2003). Data was coded according to different variables of the study for ease of data entry and interpretation. The descriptive statistical tool, Statistical Package for Social Sciences (SPSS) and excel were used to help the researcher describe the data and determine the extent used. The quantitative data collected was analyzed by the use of descriptive statistics using Statistical Package for Social Sciences (SPSS) and presented through percentages, means, standard deviations and frequencies. This was done by tallying, computing percentages as well as describing and interpreting the data in regard to the study objectives and assumptions through use of
SPSS. The study also undertook a regression and correlation analysis of the various variables to determine how the various variables relate to each other. The information was displayed by use of tables and graphs and pie charts where necessary. Tables and figures were very appropriate when presenting the data collected for ease of comprehension and analysis.

3.7 Chapter summary

This chapter focused on the methodology that was used in conducting the study. Firstly, the research design that was applied is descriptive. The population, the sample frame, the sample size, and the sampling technique used have been specified. Data collection method was a questionnaire that is both structured and unstructured. Data was analyzed using SPSS and summarized for presentation in tables and figures. The next chapter will present research findings in relation to the research questions.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter will dwell on the outcome achieved from the data analysis done and this findings are in line with the specific research objectives of this study which are to establish the market entry strategies adopted by Huawei Kenya, to establish influence of the environment in determining the market entry mode adopted by Huawei Kenya, and to establish steps taken to address challenges to market entry by Huawei Kenya.

4.1.1 Response rate

The study was set on 88 managers as the total respondents however only 80 responded resulting into a response rate of 91% which was sufficient for the study as shown in figure 4.1. The reason for the high response rate is attributed to the mode of questionnaire delivery where the researcher sought the help of one of the directors to facilitate.

![Response Rate Chart]

**Figure 4.1: Response Rate**

4.2 Demographical Attributes

In this section the findings on the demography was presented and they include details on age, gender, marital status, education and management level as highlighted below.
4.2.1 Age

The findings with regard to respondents age established that those below 25 years accounted for 9% while those of between 25-30 were the majority at 59%, those of 31-35 years were 19% and those above 35 accounted for 14% of the total respondents as indicated in figure 4.2. This means that the firm has young and energetic employees who are able to steer that firm forward.

![Figure 4.2: Respondent Age](image)

4.2.2 Gender

As indicated in Figure 4.3 below, male respondents were 51% while the female were 49%. This implies that the organisation has a high consideration for gender equality.

![Figure 4.3: Gender](image)

4.2.3 Marital Status
The findings with regard to respondent’s marital status established that those who are married were 74% while the single accounted for 21% as indicated in figure 4.4.

![Figure 4.4: Marital Status](image)

### 4.2.4 Education
As indicated in figure 4.5, Diploma holders were 14% while degree holders were the majority at 81% and post graduates were only 5%. This implies a high literacy level among the respondents and therefore they were able to comprehend the questions asked in the questionnaire.

![Figure 4.5: Education](image)

### 4.2.5 Work experience
Analysis of the work experience revealed that those who had worked for less than an year represented 5%. Those of 1-3 years were 33%, 4-7 years were the majority at 59% while those above 7 years were the least representing 4. This implies that the respondents had the necessary knowledge to effectively answer the research questions.

![Work experience chart](image)

**Figure 4.6: Work experience**

### 4.2.6 Management Level

Analysis of the management level revealed that those who held top level management were 8%, those of middle level were 66% and the low level were 26%. This implies that the respondents had the necessary experience to effectively answer the research questions.

![Management Level chart](image)

**Figure 4.7: Management Level**
4.3 Impact of Market Mix adopted by Huawei Kenya

The first objective was set to establish the impact of market mix on entry of Huawei and to establish this a five point a likert scale was adopted where the respondents where respondents were asked to rate with 1(greatly agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(greatly disagree).

4.3.1 Descriptive on Market Mix Adopted by Huawei

The findings revealed that most respondents strongly agreed that Huawei has used product differentiation in Kenya (1.80), and the use of point of purchase has created a link between consumer sales promotion and trade sales promotion (1.96). It was also agreed that Huawei has lowered prices and increased promotions when faced with threat from competitors (2.01), and Huawei has ensured that customers have ease of access to products (2.15). At Huawei, retail location is considered to be an important element of the retail mix (2.39) while At Huawei prices have been changed based on the prices of competitors (2.43). The findings also revealed that Huawei products are perceived of high quality and affordable (2.63) as highlighted in Table 4.1

Table 4.1: Descriptive on Variables Of Market Mix Adopted By Huawei

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huawei has used product differentiation in Kenya</td>
<td>1.80</td>
<td>1.107</td>
</tr>
<tr>
<td>Huawei has ensured that customers have ease of access to products</td>
<td>2.15</td>
<td>.858</td>
</tr>
<tr>
<td>At Huawei, retail location is considered to be an important element of the retail mix</td>
<td>2.39</td>
<td>1.108</td>
</tr>
<tr>
<td>Use of point of purchase has created a link between consumer sales promotion and trade sales promotion</td>
<td>1.96</td>
<td>1.247</td>
</tr>
<tr>
<td>Huawei has lowered prices and increased promotions when faced with threat from competitors</td>
<td>2.01</td>
<td>1.185</td>
</tr>
<tr>
<td>At Huawei prices have been changed based on the prices of competitors</td>
<td>2.43</td>
<td>1.230</td>
</tr>
<tr>
<td>Huawei products are perceived of high quality and affordable.</td>
<td>2.63</td>
<td>1.335</td>
</tr>
</tbody>
</table>
4.4 Influence Of The Environment In Determining Market Entry Mode Adopted

The second objective was set to influence of the environment in determining market entry mode adopted. This a five point a likert scale was adopted where the respondents where respondents were asked to rate with 1(greatly agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(greatly disagree).

4.4.1 Descriptive of Influence Environment in Determining Market Entry Mode

From the analysis, the findings revealed that most of the respondents strongly agreed that social and cultural issues affected Huawei performance (1.85). It was also agreed that while economic factors such as inflation and availability of disposable income influence performance of the company (2.01), it was also agreed that suppliers, buyers, product substitutes and increase in competition among other companies affects Huawei’s performance (2.13). It was also noted that heavy taxation on mobile operators has led to unnecessary excessive cost of services for consumers (2.23) while Huawei has used low price strategy to price its products (2.40). The use of bidding process to get a license has affected entry of new companies into Kenya communication industry (2.60) while existence of anti-competitive practices has affected Huawei’s competition (2.60), and corruption and lack of transparency affects the issue of licensing (2.62) as shown in Table 4.2 as follows.

Table 4.2: Descriptive of Influence of Environment in Determining Market Entry

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has economic factors such as inflation and availability of disposable</td>
<td>2.01</td>
<td>1.227</td>
</tr>
<tr>
<td>income influenced performance of the company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has Social and cultural issues affected Huawei performance</td>
<td>1.85</td>
<td>1.092</td>
</tr>
<tr>
<td>Corruption and lack of transparency affects the issue of licensing</td>
<td>2.62</td>
<td>.933</td>
</tr>
<tr>
<td>The use of bidding process to get a license has affected entry of new</td>
<td>2.60</td>
<td>1.318</td>
</tr>
<tr>
<td>companies into Kenya communication industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Existence of anti-competitive practices has affected Huawei’s competition.</td>
<td>2.60</td>
<td>1.186</td>
</tr>
<tr>
<td>Heavy taxation has led to unnecessary high cost to consumers.</td>
<td>2.23</td>
<td>1.211</td>
</tr>
<tr>
<td>Has Huawei used low price strategy to price its products.</td>
<td>2.40</td>
<td>1.165</td>
</tr>
<tr>
<td>Suppliers, buyers, product substitutes and increase in competition</td>
<td>2.13</td>
<td>1.151</td>
</tr>
<tr>
<td>among other companies affects Huawei’s performance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.5 Steps Taken To Address Challenges To Market Entry By Huawei Kenya

The third objective was set to steps taken to address challenges to market entry by Huawei Kenya this a five point a Likert scale was adopted where the respondents where respondents were asked to rate with 1(greatly agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(greatly disagree).

4.5.1 Steps Taken to Address Challenges to Market Entry by Huawei Kenya

The respondents strongly agreed that Huawei has participated in trade associations (1.76), the finding also revealed that many of the respondents agreed that the use of marketing intelligence has helped the Huawei achieve a competitive advantage (2.20). It was also revealed that the company motivates its employees (2.52) and Huawei used management practices to boost employee morale (2.54), Huawei practiced best management practice (2.74). Networking has improved Huawei’s performance (2.84) and Huawei used market intelligent to develop market and get more knowledge on external environment (2.99). There was uncertainty and Huawei has used social responsibility in the company (3.40) as shown in table 4.3

Table 4.3: Steps Taken to Address Challenges to Market Entry by Huawei Kenya

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has Use of marketing intelligence helped the Huawei achieve a competitive advantage</td>
<td>2.20</td>
<td>1.257</td>
</tr>
<tr>
<td>Has Huawei used market intelligent to develop market and get more knowledge on external environment</td>
<td>2.99</td>
<td>.961</td>
</tr>
<tr>
<td>Has Huawei practiced best management practice</td>
<td>2.74</td>
<td>1.250</td>
</tr>
<tr>
<td>Has Huawei used management practices to boost employee morale</td>
<td>2.54</td>
<td>1.340</td>
</tr>
<tr>
<td>Has Huawei used social responsibility in the company</td>
<td>3.40</td>
<td>1.393</td>
</tr>
<tr>
<td>Networking has improved Huawei’s performance</td>
<td>2.84</td>
<td>.947</td>
</tr>
<tr>
<td>Huawei has participated in trade associations</td>
<td>1.76</td>
<td>.875</td>
</tr>
<tr>
<td>The company motivates its employees</td>
<td>2.52</td>
<td>1.232</td>
</tr>
</tbody>
</table>
4.6 Performance of Telecommunication Sector

The study was also set to establish the performance of telecommunication sector this was done where a five point a Likert scale was adopted where the respondents were asked to rate with 1(greatly agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(greatly disagree).

4.6.1 Descriptive on Performance of Telecommunication Sector

The study revealed that most respondents strongly agreed that changing tastes and preferences affects growth of the telecommunication sector (1.76), while customer loyalty affects performance of the telecommunication sector (1.78). While, changing technology influences the performance of the telecommunication sector (1.91).

Most of the respondents also agreed that there is a regulations that control inter-firm competition in the sector (2.01), while they agreed that there is an increased the amount of investment dedicated for enhancing technology and research and development in the sector (2.26) as shown in table 4.4.

Table 4.4: Descriptive on Performance of Telecommunication Sector

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there an increased the amount of investment dedicated for enhancing technology and research and development in the sector?</td>
<td>2.26</td>
<td>1.319</td>
</tr>
<tr>
<td>Is there a regulation that control inter-firm competition in the sector</td>
<td>2.01</td>
<td>.974</td>
</tr>
<tr>
<td>Customer loyalty affects performance of the telecommunication sector</td>
<td>1.78</td>
<td>.763</td>
</tr>
<tr>
<td>Changing tastes and preferences affects growth of the telecommunication sector</td>
<td>1.76</td>
<td>.733</td>
</tr>
<tr>
<td>Changing technology influences the performance of the telecommunication sector</td>
<td>1.91</td>
<td>1.009</td>
</tr>
</tbody>
</table>
4.7 Inferential Statistics

4.7.1 Reliability test
A Cronbach test was done to determine the reliability test was done to analyse the reliability of the variables. Only a value above 0.7 was considered acceptable, and the findings revealed that Cronbach's alpha based on standardized items revealed that all the items had a Cronbach alpha value above 0.7 (Entry strategy= 0.982, environmental factors= 0.986, Solutions=0.980, performance of telecommunication=0.976) as shown in Table 4.5.

Table 4.5: Cronbach Reliability Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry strategy</td>
<td>.982</td>
<td>7</td>
</tr>
<tr>
<td>environmental factors</td>
<td>.986</td>
<td>8</td>
</tr>
<tr>
<td>Solutions</td>
<td>.980</td>
<td>8</td>
</tr>
<tr>
<td>performance of telecommunication</td>
<td>.976</td>
<td>5</td>
</tr>
</tbody>
</table>

4.7.2 Correlation Analysis
A correlation analysis was done to determine the relationship between the independent and dependent variables and the study established that performance of telecommunication was positively correlated to entry strategy ($r=0.955$, $p<0.05$), environmental factors ($r=0.972$, $p<0.05$), and solutions ($r=0.965$, $p<0.05$). This implied that with every positive change in the independent variables (entry strategy, environmental factors, and solution) there was an equivalent positive change in performance of telecommunication as indicated in table 4.6.
Table 4.6: Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Performance of Telecommunication</th>
<th>Entry Strategy</th>
<th>Environmental Factors</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance of Telecommuni</td>
<td>1</td>
<td>.955**</td>
<td>.972**</td>
<td>.965**</td>
</tr>
<tr>
<td>Telecommunication</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Entry Strategy</td>
<td>.955**</td>
<td>1</td>
<td>.993**</td>
<td>.971**</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Environmental Factors</td>
<td>.972**</td>
<td>.993**</td>
<td>1</td>
<td>.984**</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Solutions</td>
<td>.965**</td>
<td>.971**</td>
<td>.984**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

4.7.3 Regression Analysis

A regression analysis was also done to establish the R squared value was 0.952 and this implied that 95.2% of the variations in performance of telecommunication was caused by variations in entry strategy, environmental factors, and solution as indicated in table 4.7.

Table 4.7: Model Fit

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Square</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Square</td>
</tr>
<tr>
<td>1</td>
<td>.976*</td>
<td>.952</td>
<td>.950</td>
<td>.20482</td>
<td>.952</td>
</tr>
</tbody>
</table>

Analysis of variances was done between the variables of performance of telecommunication against solutions, entry strategy, environmental factors. This was done to establish if there are any statistically significant differences between the means of the variables, and the results established that the F value was 504.807 and was significant with the p value was (0.000), this means there was a positive linear relationship between the performance of telecommunication and factors affecting entry of telecommunication as shown in table 4.8
Table 4.8: ANOVA Of Performance of Telecommunication and cofactors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>63.530</td>
<td>3</td>
<td>21.177</td>
<td>504.807</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>3.188</td>
<td>76</td>
<td>.042</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66.718</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance of telecommunication
b. Predictors: (Constant), solutions, marketing mix, environmental factors

Analysis of the coefficient of variations revealed that performance of telecommunication (Beta 0.006, p >0.05), against solutions (Beta 0.110, p>0.05), marketing mix (Beta -0.507, p<0.05), environmental factors (Beta 1.199, <0.05) as indicated in Table 4.9.

Table 4.9: Coefficient of Performance of Telecommunication and Cofactors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>SC</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.006</td>
<td>.072</td>
<td>.084</td>
<td>.933</td>
<td>.014</td>
</tr>
<tr>
<td>Market Mix</td>
<td>.507</td>
<td>.180</td>
<td>-.606</td>
<td>-2.821</td>
<td>.006</td>
</tr>
<tr>
<td>Environmental Factors</td>
<td>1.199</td>
<td>.240</td>
<td>1.446</td>
<td>4.995</td>
<td>.000</td>
</tr>
<tr>
<td>Solutions</td>
<td>.110</td>
<td>.124</td>
<td>.130</td>
<td>.883</td>
<td>.380</td>
</tr>
</tbody>
</table>

As per Table 4.9, the equation \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 \) becomes:

\[ Y = 0.006 + 0.507X_1 + 1.199X_2 + 0.110X_3 \]

Where \( Y \) is the dependent variable Performance of telecommunication Sector

\( X_1 \) – Entry Strategy
\( X_2 \) – Environmental factor
\( X_3 \) – Solutions

The regression equation illustrated in Table 4.9 has established that only entry strategy and environmental factors were significant in determining performance of telecommunication sector.

4.8 Chapter Summary

This chapter discussed the findings as per the data analyzed. The section covered the demography, and the specific objectives of the study. A causal test was also done to
identify the relationship between the dependent and independent variables. The next chapter will entail the discussions as per the findings above and this was done in line with the previous studies done on similar research topics.
CHAPTER FIVE

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter consists of the conclusions and recommendations drawn from the data analysis done in the previous chapter. This are based on the specific research objectives of the study.

5.2 Summary

The purpose of this study was to analyze factors affecting entry of telecommunication industry in Kenya: a case of Huawei. The study was guided by the following research objectives; to analyze the impact of market mix on the entry of telecommunication firms Kenya, to analyze the effects of macroeconomic factors on the performance of firms in the telecommunication industry in Kenya and to analyze the effect of microeconomic factors on the performance of firms in the telecommunication industry in Kenya.

A descriptive research design and qualitative and quantitative data was used to analyze descriptive statistics. The total population of this study comprised of 88 managers in Huawei Outlets in Nairobi and a total census was done however only 80 responded resulting into a response rate of 91% which was sufficient for the study. Data was collected using well-structured questionnaire. The data obtained was analyzed using statistical Package for Social Sciences (SPSS) and excel. Percentages, means, standard deviations, frequencies was used to present results.

The findings from the first objective revealed that Huawei has used product differentiation in Kenya, and the use of point of purchase has created a link between consumer sales promotion and trade sales promotion. It was also revealed that Huawei has lowered prices and increased promotions when faced with threat from competitors, and Huawei has ensured that customers have ease of access to products. The study also revealed that at Huawei, retail location is considered to be an important element of the retail mix and prices have been changed based on the prices of competitors. The findings also revealed that Huawei products are perceived of high quality and affordable.

From the analysis, the findings from the second objective revealed that social and cultural issues has affected Huawei performance. It was also agreed that while economic factors
such as inflation and availability of disposable income influence performance of the company. It was also agreed that suppliers, buyers, product substitutes and increase in competition among other companies affects Huawei’s performance and heavy taxation on mobile operators has led to unnecessary excessive cost of services for consumers. Huawei has used low price strategy to price its products while existence of anti-competitive practices has affected its competition.

The last objective revealed that Huawei has participated in trade associations and use of marketing intelligence has helped the firm achieve a competitive advantage. It was also revealed that the company motivates its employees and has used management practices to boost employee morale. It was also noted that Huawei practiced best management practice and networking has improved Huawei’s performance. It was also noted that the firm has used market intelligent to develop market and get more knowledge on external environment.

5.3 Discussion

5.3.1 Impact of Market Mix on Entry of Firms in the Telecommunication Industry

The findings revealed that most respondents strongly agreed that Huawei has used product differentiation in Kenya (1.80). Through products firms are able to ensure satisfaction of customer needs or wants. Ferrell and Hartline (2007) noted that consumer products vary, some buy the products either for personal use or enjoyment, and business products, which are bought for resale or use in a business. Therefore, product differentiation has been applied by many firms to develop products or services that have unique attributes that customers value and perceive to be better and different form their competitors (Svatopluk & Ljuba, 2006). Arthur., Lennoe, & John (2006) noted that differentiation may be achieved in various ways, for example through design, brand image, technology, features, customer service, and dealer network.

The findings revealed that the use of point of purchase has created a link between consumer sales promotion and trade sales promotion (1.96). According to Muchere (2014), place enables the product is made available for the customer. It includes the retailer’s distribution system, which means the process of how the goods are transported from the manufacturing to the final customer. In addition, it also includes the actual location of the stores of the company. Retail outlets competitively use shop location as a tool to position their business to attract their target customers. Hence creating convinces.
Muchere (2014) adds that the place or distribution is not just about the physical movement of products from manufacturer to consumer. It is also about the ease of access to products, the way they are displayed and the environment in which they are presented.

It was also revealed the Huawei has lowered prices and increased promotions when faced with threat from competitors (2.01). Jobber (2001) asserts that price is a key element of marketing mix because it represents on a unit basis what the company receives for the product or service which is being marketed. In other words, price represents revenue while the other elements are cost. Thuo (2008) states that price is more than simply the amount of money that consumer pays when making the purchase. It also includes credit or finance deals, any discounts, unique offers, and additional deliveries changes.

According to Hosken (2000), Hosken and Reiffen (2001), Hansen (2006) and Ellickson, and Misra (2008) states that manufacturers and retailers use pricing strategies such as low pricing strategies, high low pricing strategies and hybrid pricing (combination of high low and low price strategies. In addition, Retailers today are using different pricing models to test the one that will lead to higher purchases, and improve their retail mix (Grewal, Roggeveen & Nordfalt 2014).

It was also noted that while At Huawei prices have been changed based on the prices of competitors (2.43). In addition, Grewal, Roggeveen & Nordfalt (2014) states that prices are also being changed based on the prices of competitors, time of the day or even conversion rate. A study conducted by Sathyamoorthi and Mburu (2016), on an analysis of retail pricing: the case of selected chains in Botswana revealed that shops fixed prices for items that they felt as right and that a shop could have different prices for one item in three different intervals. The study further found that prices of products sold at most retail stores are not controlled by Government and that there is a high degree of consumer awareness on price fluctuations as they compared prices before they make a decision to shop.

According to Mburu and Sathyamoorthi (2016), promotional pricing or High-Low pricing strategy is the process where supermarkets price most of their product higher than the marked price. The supermarket might decide to sell a limited number of their products below market price, offer discounts on selected categories of items at different intervals throughout the year. Herrmann, Moser and Weber (2009) and Metobo (2013) assert that retail stores to use Hi-Lo strategy to price their products and services. Retail stores put
items on special offer and also offer time discount and allowances hence reduce the price of the product form the list price.

5.3.2 Effects of Macroeconomic Factors on Entry Strategies

From the analysis, the findings revealed that social and cultural issues affected Huawei performance (1.85). According to Isik (2013), for a business to achieve a competitive advantage it needs to be aware of changes that are taking place in the external environment. A company’s direction and strategy can be affected by macroeconomic environment (Thompson, 2008). Emerging social issues and change in attitudes and lifestyles influences changes in the telecommunication industry. Career attitude, safety, age distribution, and income are examples of social cultural factors affecting performance of telecommunication industry in Kenya (Smith, 2007).

The findings also revealed that economic factors such as inflation and availability of disposable income influence performance of the company (2.01). Government usually introduces laws that might influence business conduct positively or negatively. In Kenya, Ministry of information and communication makes laws and policies that industries will use (Waema, 2007). According to Nwankwo (2000), Economic factors such as inflation, spending power, disposable income and interest rates impacts business. In Kenya Safaricom and Organge are offering price cuts while Airtel are lobbying for lower prices in order to sustain and service their low cost model. Alleman (2012), states that the growth of telecommunications investment or penetration has significant predictor of economic growth, and vice-versa. Lack of telecommunication investment can also prohibit economic development. According to a research done by Alleman et al., (2012): Waema at el, (2007), based on their research it was revealed that over 80% of telephones in the developed countries are connected to businesses or to government agencies.

it was also agreed that suppliers, buyers, product substitutes and increase in competition among other companies affects Huawei’s performance (2.13).

It was also noted that heavy taxation on mobile operators has led to unnecessary excessive cost of services for consumers (2.23). According to a study done by Nojiyeza. and Muthoka (2011), on barriers to entry of Kenya’s telecommunication industry, it was found that the use of heavy taxation on mobile operators leads to unnecessary high cost of
services for consumers. Heavy taxation is a major setback for new entrants as it puts a huge dent on profit margin thus influencing the ability of a new entrant to roll out their services. High taxes from the regulator and the government adversely affect their ability to price products favorably for effective market entry.

Nojiyeza. and Muthoka (2011) add that the government should make efforts to reduce the tax burden on the telecommunications industry and should in fact incentivize them for the services rendered. The study found that the regulator is not effective in weeding out anti-competitive practices and abuse of market power. Excessive tariff controls reduce tariff flexibility for new entrants and price controls reduce the impact of competition in pushing down prices. Ineffective competition policies that do not protect new entrants from anticompetitive practices and abuse of market power and dominance by the large incumbents affect the ability of new entrants to penetrate the market.

While existence of anti-competitive practices has affected Huawei’s competition (2.60). According to a study done by Sheehan (2005), it was found that there exists a set of factors that threatens performance and entry of new multinational corporations, suppliers, buyers, product substitutes and increase in competition among other companies hence determining the attractiveness of the industry. Existence of anti-competitive practices in the industry affects the ability of other companies competing effectively and affecting their performance in the industry (Okoth, 2012). According to Kwama (2010), new multinational companies will always have an acquisition strategy. They price their products at a lower price than what competitors are doing hence being able to attract more customers and improving their performance in the industry.

5.3.3 Effect of Microeconomic Factors on Entry Strategy

The finding also revealed that many of the respondents agreed that the use of marketing intelligence has helped the Huawei achieve a competitive advantage (2.20). Market Intelligence is about providing a company with a view of a market using existing sources of information to understand what is happening in a market place, what the issues are and what the likely market potential (Rouach, & Santi, 2001).

It was revealed that Huawei practiced best management practice (2.74). According to Etemesi (2009), Management practices must evolve and change to continue to meet the needs of an organizations performance. The use of management practices has led to a rise
of a variety of management techniques such as scientific management, management by objectives, total quality management, risk management, and even crisis management the use of this techniques will enable an organization to improve on their performance and become more competitive. Organizations that examine their operations and determine which operations are meaning full was able to have best management practices and set standards and measures that will enables than improve performance.

The findings revealed that networking has improved Huawei’s performance (2.84). Networks have is an essential factor that can determine performance and survival of an organization (Mir & Filali 2014). Management especially PR and marketing officers should value their ability to develop relationships. Hisrich (1990), suggested that support systems, mentors, and advisors; business associates and friends; participation in trade associations are the significant networks which are positively associated with business performance. According to Abdelrahim (2007), the use of informal mentoring supportive relationships is one of the best ways of establishing a business and these relationships helped the new entrepreneur bypass the obstacles which impede growth, success, and personal fulfillment.

According to Shane (2003), the growth and performance of a business is determined by the entrepreneur's motivation. Psychological motivations such as achievement, independence, and locus of control have received significant research attention to their influence on business start-up but less attention has been paid to their relationship to business performance (Stewart & Roth, 2007). According to Chamorro-Premuzic, Rinaldi, Akhtara, and Ahmetoglu, (2014), individual motivations and goals such as profitability, revenues and sales growth have been found to be related to performance. Researchers found that entrepreneurs typically are motivated by a more complex set of objectives for starting a business.

The study also established that Huawei used market intelligent to develop market and get more knowledge on external environment (2.99). Song and Thieme (2009) notes that market intelligence yields competitive advantage through faster decision-making than competitors, better decision-making by information advantages, saving costs and directed investing hence improving performance of a company. Market Intelligence helps to reduce uncertainty and creates a basis for strategic and operational marketing decisions. It
encompasses facilitating decision-making and operational performance within organizations.

Bhuian, Menguc, and Bell (2005), market intelligence helps in understanding the (fierce) market developments and their impact, noticing market developments and then acting pro-actively, stealing a march on competitors (reacting faster), helps in continuously knowing information available about external environment (competitors, markets, customers, brands, products, technologies, suppliers, legislation, etc.), well-founded decision-making and building and competitive advantage.

External environmental scanning prerequisites processes of selective search and attention, selective perception and simplification to understand markets, segments, competitive forces and entry barriers (Day & Nedungadi, 1994). This competitor analysis helps create a detailed image of the competitive environment assessing a focal company’s competitive positions and relationships with competing firms (Chen, 1996). Companies assessing the competitors’ positions usually form representations of their own position, enriched by competitor information, which help to anticipate competitive actions and reactions. In this case, the buying firm’s strategic actions are based on the comparison of the own resources and capabilities with competitors serving to formulate expectations about the competitors’ reactions (Day & Nedungadi, 1994).

5.4 Conclusion

5.4.1 Impact of Market Mix on Entry of Telecommunication Firms

In the telecommunication industry, there is a wide variety of consumers and therefore adoption of differentiation is vital. In addition, there is a rampant competition between the various companies, and price matters a lot, therefore, Huawei has lowered prices and increased promotions when faced with threat from competitor.

5.4.2 Effects of Macroeconomic Factors on the Performance of Firms

Social and cultural environment in the market affects Huawei performance. Similarly, economic factors such as inflation and availability of disposable income has influenced the performance of the company. suppliers, buyers, product substitutes and increase in competition also have a part to play in determining Huawei’s performance. Just like other telecommunication companies has used low price strategy to price its products.

5.4.3 Effect of Microeconomic Factors on the Performance of Firms
To market its products the company has participated in trade associations and adopted the use of marketing intelligence to achieve a competitive advantage. The company also knows the value of its employees and thus undertake motivation and boost employee morale. The existence of best management practice, networking and use of market intelligent to improve performance.

5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 Impact of Market Mix on Entry Strategies

Huawei should continue utilizing product differentiation in Kenya so as to serve the various classes of consumers. Huawei also need to establish reasonable prices to avoid lowering prices when faced with threat from competitors. Huawei also need to ensure customers have increased access to products.

5.5.1.2 Effects of Macroeconomic Factors on the Entry Strategies

Huawei needs to undertake an effective situation analysis and create a good relationship with suppliers and buyers, as well as invest a lot in research and development in order to compete effectively in the dynamic market. In order to attract the varied customer needs Huawei should not only focus on low price strategy to price its products nut also include innovation.

5.5.1.3 Effect of Microeconomic Factors on the Entry Strategies

Huawei needs to continue its participation in trade associations and exhibition to boost its sales and market growth. The firm should also increase that use of marketing intelligence to remain competitive in the market. There should be an increased motivation of employees to guarantee continuous efficiency. Huawei also need to continuously use market intelligent to develop market and get more knowledge on external environment.

5.5.2 Recommendation for Further Studies

The study sought to determine factors affecting entry into telecommunication industry Kenya and the focus was on Huawei. The findings revealed that Huawei as a telecommunication company has used product differentiation in Kenya and Social and cultural issues has affected its performance. It was also noted that corruption and lack of transparency affects the issue of licensing. With the highlighted issues, there is a need to
undertake further studies in other telecommunication related companies in order to generalize the findings.
REFERENCES


50


APPENDIX I: INTRODUCTION LETTER

Sarah Mutema

Email: sara.mutema@gmail.com

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROJECT.

I am a graduate student at United States international university (USIU) doing a study to establish factors affecting entry into telecommunication industry Kenya. The study is meant for academic purpose only and to enable me write an academic report as a part of the requirement in masters of business administration (MBA). I have chosen to do my research in your firm and I hereby kindly request for your permission to carry out the research. Please take time to fill the questionnaire, which will take only a few minutes of your time.

Thanks in advance.
Yours Sincerely,

Sarah Mutema
APPENDIX II: QUESTIONNAIRE

Section A; Background Examination

Please Tick where appropriate [√]

1. Age
   Below 25 yrs [ ]
   25-30 yrs [ ]
   30-35 yrs [ ]
   Above 35 yrs [ ]

2. Your sex. Please tick. Male [ ] Female [ ]

3. Marital status.
   Married [ ] Single [ ] Widowed [ ] Divorced [ ]

5. Indicate your Level of Education
   High school [ ] Certificate [ ] Diploma [ ] Degree [ ] Post Graduate [ ]

6. How long have you worked in this organization
   Less than 1 years [ ] 1 to 3 years [ ]
   Between 4 to 7 years [ ] above 8 years [ ]

7. Which management level best describes your job?
   Top level [ ] Middle level [ ] Low level [ ]
### Section B Market Mix affect entry into telecommunication industry

Using a scale of one to five rate the following statements by ticking the appropriate space provided. 1(Greatly Agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(Greatly Disagree)

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Huawei has used product differentiation in Kenya</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Huawei has ensured that customers have ease of access to products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>At Huawei, retail location is considered to be an important element of the retail mix</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Use of point of purchase has created a link between consumer sales promotion and trade sales promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Huawei has lowered prices and increased promotions when faced with threat from competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>At Huawei prices have been changed based on the prices of competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Huawei products are perceived of high quality and affordable.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Section C: Environmental Factors affecting entry into telecommunication industry**

Using a scale of one to five to rate the following statements about by ticking the appropriate space provided. 1(Greatly Agree), 2 (agree), 3 (neutral), 4 (disagree) and 5(Greatly Disagree)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Has economic factors such as inflation and availability of disposable income influenced performance of the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Has Social and cultural issues affected Huawei performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Corruption and lack of transparency affects the issue of licensing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The use of bidding process to get a license has affected entry of new companies into Kenya communication industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Existence of anti-competitive practices has affected Huawei’s competition.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. heavy taxation on mobile operators has lead to unnecessary high cost of services for consumers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Has Huawei used low price strategy to price its products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. suppliers, buyers, product substitutes and increase in competition among other companies affects Huawei’s performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section D: Steps taken to address challenges to market entry by Huawei Kenya.

using a scale of one to five to rate, the following statements about steps taken to address challenges to market entry by Huawei Kenya. 1(greatly agree), 2 (agree), 3(neutral), 4(disagree) and 5(greatly disagree)

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Has Use of marketing intelligence helped the Huawei achieve a competitive advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Has Huawei used market intelligence to develop market and get more knowledge on external environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Has Huawei practiced best management practice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Has Huawei used management practices to boost employee morale</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Has Huawei used social responsibility in the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Networking has improved Huawei’s performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Huawei has participated in trade associations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The company motivates its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section E: Telecommunication industry.

Using A Scale Of One To Five To Rate, The Following Statements About Telecommunication by ticking the appropriate space provided. 1(Greatly Agree), 2 (agree), 3(neutral), 4(disagree) and 5(Greatly Disagree).

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is there an increased the amount of investment dedicated for enhancing technology and research and development in the sector?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Is there a regulations that control inter-firm competition in the sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Customer loyalty affects performance of the telecommunication sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Changing tastes and preferences affects growth of the telecommunication sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Changing technology influences the performance of the telecommunication sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>