AN ANALYSIS OF THE EFFECTS OF GLOBALIZATION ON LOCAL FIRM COMPETITIVENESS: A CASE OF REGENT AUTOMOBILE VALUERS AND ASSESSORS LTD

BY

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UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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A Research Project Report proposed to the School of Business in Partial Fulfillment of the Requirement for the Degree Of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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STUDENT’S DECLARATION

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

Signed: _______________________________  Date: _____________________________

Steven Mwangi Muriithi (ID 633528)

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

Signed: _______________________________  Date: _____________________________

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Dean, School of Business Administration
ABSTRACT

The purpose of the study is to analyze the effects of globalization on local firm competitiveness, and thus to analyze strategies that aid local Kenyan firms to adapt to globalization. In recent years, the world has witnessed constant waves of globalization. These waves have impacted both local and international firms. A sample effect has been the entry of numerous foreign competitors into the Kenyan market. The study aims to come up with strategies by answering three research questions. First, what have been the effects of globalization on local firm competitiveness? Second, which strategies do local firms use to compete with foreign multinational corporations (which possess more resources) in an increasingly globalized local environment? Third, how do local firms enter international markets to gain competitive advantage? Tackling these three research questions will assist local Kenyan firms to better understand and respond to the effects of globalization, while planning for and beginning the process of internationalization.

The study used a descriptive research method for its research design. This is used to describe characteristics of a population or phenomenon. The study’s population was picked from Regent Automobile Valuers and Assessors Ltd, a local Kenyan firm that specializes in the valuation of automobiles and machinery. The research utilized a population census. It dealt with primary data. Data was collected using questionnaires. To ensure a high degree of accuracy, the questionnaire was pretested. Once data was collected, it was cleaned and input into a computer. Data analysis was conducted using IBM SPSS Statistical Analysis software and Microsoft Excel Spreadsheet software. Data analysis was then carried out using descriptive statistics and inferential statistics. Descriptive statistics analyzed frequency distribution of responses, measures of central tendency, and reliability. Measures of central tendency included the mean, median, mode, standard deviation, variance, range, minimum values and maximum values. Reliability analysis utilized the Chronbach’s Alpha. Inferential Statistics undertook a correlation analysis using Pearson’s correlation coefficient. Statistical findings were presented in the form of frequency distribution tables, bar graphs and pie charts.

The research discovered that globalization forces had a large impact on local firm competitiveness. Analysis discovered that firms that successfully adapted to globalization were likely to be highly successful in the local market, and were also likely to expand; or
desire to expand into foreign markets. The research concluded that globalization has a great impact on both the competitiveness of local firms; and the business environments they operate in. Positive effects such as access to foreign technologies and foreign direct investments greatly benefit local firms; while negative effects, such as adverse competition, have the potential to drive companies that do not adapt into extinction. Local firms can successfully compete with foreign firms in the local business environment. They can also successfully enter international markets despite an increasingly hostile, competitive and volatile international business environment. The research recommended that local firms need to analyze the effects of globalization on both their competitiveness and their local business environments. Doing this will aid them to better position themselves to respond, adapt and exploit the effects of globalization to their advantage. The research also recommended that firms conduct thorough industry analyses to map out potential foreign threats, and position themselves in the industry. Local companies need to deeply analyze the special competitive advantages they possess by being local; and learn how to exploit them effectively. Firms that desire to expand into international markets should have an adequate global strategy.
ACKNOWLEDGEMENTS

I would wish to offer my sincere gratitude to all that helped me through on the project. I would wish to thank my Instructor Dr. Joyce Ndegwa for her guidance, assistance and patience. I would wish to thank my Parents and siblings for all their support and encouragement. I would also wish to thank the staff at Regent Automobile Valuers and Assessors Ltd for their assistance. Last but not least, I would wish to thank God for guiding and providing on this journey.
DEDICATION

I dedicate this Master’s thesis to my family, for their perpetual support and caring, through this journey.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Business environments, both local and international, have been experiencing extreme turbulence in recent times. This turbulence has been brought about by globalization. An effect of globalization has been the rapid expansion of multinational corporations to all continents and thus increased foreign competition. According to Hill and Hult (2016) globalization is the process of international integration arising from the interchange of culture, world views, products and ideas. This has been brought about by advances in transportation and telecommunication technology (Hill & Hult, 2016).

According to Rugman and Collinson (2012), globalization, in its extreme form, means the existence of a perfectly integrated world economic system. In such a global system there would be perfect mobility of financial capital, goods, and people. Internationalization is the process and increasing tendencies of business firms to enter international markets. Globalization has brought about rapid internationalization. Companies in the developed world, after saturating their home country markets, moved into new markets in the developed world. After first world markets became saturated, these companies are rapidly moving in to exploit markets in the developing world; such as Asia, Africa, Latin America and the Middle East (Rugman & Collinson, 2012).

The collapse of the Soviet Union and the Eastern bloc in the beginning of the 1990s, according to Aven (2013), brought about a sweeping wave of liberalization in most previously closed economies around the world. Liberalization of markets has been one of the key causes of internationalization of multinational business organizations. Liberalization is the introduction of government policies that move away from planned economies towards free market systems. They are marked by the privatization of state-owned businesses, a lowering of tariff and non-tariff barriers, and reductions in the constraints placed on foreign firms’ investments and business activities.
Kenya began liberalizing its market in 1993. After economic stagnation in the 1980s and early 90s, the government began a major program of economic reform. A new finance minister and central bank governor began a series of economic measures. The country implemented market reform policies crafted by the World Bank and the International Monetary Fund (IMF). The government then removed price controls, import licensing and foreign exchange controls. It then went on to privatize many publicly owned companies and parastatals, and reduced its number of civil servants. The government also introduced conservative fiscal and monetary policies. This saw the GDP growth rate average at 4% (Bigman, 2002).

Kenya has recently witnessed a rapid entry of many such multinationals into its local market. These companies are diverse and are rushing in to serve all spheres of the consumer market and local industry, such as telecommunications, food, beverage, electronics, construction, information technology, heavy engineering, automobile, aviation etc. Multinationals that have recently entered the Kenyan market include: General Electric (USA), IBM (USA), Microsoft (USA), Google (USA), Bharti Airtel (India), China Wu Yi co (China), Asus (Taiwan), Huawei (China), AVIC (China), BASF (Germany) and Subway (USA) (Voorpijl, 2011).

According to Wild and Wild (2015) Multinationals from the developed world bring a myriad of benefits to developing countries. These include foreign direct investment, job creation, infrastructure, technology and cheaper production. Despite these advantages, multinationals also bring disadvantages, such as increased competition, negative environmental impact, political instability, low skilled employment, health and safety abuse and repatriation of profits.

In the case of Kenya, a disadvantage to be focused on is increased adverse competition. Many foreign companies are dominating local industries at the expense of local firms and entrepreneurs. While competition ensures that the best products and services are created; local firms may be unable to compete, unless they rapidly adapt. Examples of firms with majority foreign ownership that have dominated Kenyan industry are Safaricom, Airtel Kenya, EABL, Bamburi Cement (Nairobi Securities Exchange, 2017).
Safaricom is the leading mobile operator and telecommunications company in Kenya. Its largest shareholder is Vodafone plc of the UK, with 40% shareholding. Airtel Kenya is the second largest mobile operator in the country. It is wholly owned by Bharti Airtel Limited of India. The East African Breweries limited is the largest alcoholic beverage company in the region. Its largest shareholder is Diageo plc. of the UK, with 50.03% shareholding. Bamburi Cement Limited is the largest cement and concrete manufacturer in the region. LafargeHolcim of France owns 58.6% of the shares. Most of the above companies are known for their ruthless competitive practices against local competition. This can be attributed to the fact that competition or anti-trust laws in Kenya and very weak or poorly enforced (Balala, 2013).

Globalization in Kenya has brought about great changes and turbulence. It has also brought about a myriad of positive and negative effects. International firms with massive capital outlays, advanced technologies, skilled manpower and vast experience, have entered into the market. The paper seeks to analyze and understand in-depth how local firms are adapting, or can adapt, to globalization to avoid extinction and gain competitive advantage.

Regent Automobile Valuers and Assessors Ltd is a Kenyan firm that specializes in the valuation of vehicles and machinery. It was founded in Nairobi in the year 2002, to address the issues of motor vehicle underwriting and need for automobile risk management in the Kenyan finance and insurance industries. The firm has 31 branches in the country. Regent’s main services are vehicle valuation, vehicle tracking, asset tagging, fleet management and car alarm fitting and installation. The company is licensed as an automobile assessor by the Kenyan Commissioner of Insurers.

1.2 Statement of the Problem

There have been studies on the effects of globalization on business organizations. In developed countries, research has been undertaken on how globalization affects general business performance. Stefko and Sojka (2015) in their analysis of the impact of globalization on selected firm indicators; find that there is a statistically significant positive correlation between the degree of impact of globalization on a firm and performance.
improvement; increase in revenues; interpersonal relationships and work-life balance (Stefko & Sojka, 2015).

In the African continent, some few studies have been undertaken to analyze the effects of globalization on firms. Onyeizugbe and Chukwu (2013) studied how globalization affects strategy formulation in banks located in Anambra State, Nigeria. They found that there was a significant positive correlation between the effects of globalization and strategy formulation in the Nigerian banking industry (Onyeizugbe & Chukwu, 2013).

Multiple studies have been undertaken to understand how globalization affects lives and governance in the African continent. Many studies have been undertaken to analyze how Multinational Firms can set up and succeed in gaining access to markets and resources in developing areas of the globe such as Africa. Not much, however, has been covered on how local African business environments and enterprises have been impacted by globalization. Rugman and Collinson (2012) admit that there is limited data on Foreign Direct Investment inflows and outflows out of Africa.

Little has been covered on how Kenyan firms can appropriately respond to foreign competition. There has been also been limited research on how local Kenyan firms can expand into foreign territories. Local companies themselves have very little in-terms of clear strategies or policies on how they can handle the pressures of globalization. The study thus aims to cover existing knowledge gaps on the effects of globalization on local Kenyan firms, and strategic responses.

1.3 Purpose of the Study
The purpose of the study is to conduct an analysis of the effects of globalization on local firm competitiveness; using Regent Automobile Valuers and Assessors as a case study.

1.4 Research Questions
1.4.1 What are the effects of globalization on local firms’ competitiveness?
1.4.2 How do local firms compete with foreign ones in an increasingly globalized local environment?
1.4.3 How do local firms enter international markets in an increasingly competitive international business environment?

1.5 Significance of the Study

1.5.1 Local firms

The study aims to be of benefit to local firms in developing countries, such as Kenya. The research first aims to benefit Regent Automobile Valuers and Assessors, the studied firm. It gives an analysis of how globalization affects their competitiveness. It then analyzes strategies that they can use to counter foreign competition. It finally analyzes strategies that they can use to enter into international markets.

This research would be of great importance to local firms not only in Kenya, but also the East African region, since business conditions are largely similar. The study would also be of importance to indigenous small and medium sized firms in developing countries in the larger Africa, Asia and Latin America. This is due to the fact that they too are affected by globalization forces in similar ways to firms in the Kenyan business environment.

1.5.2 Research and Academia

For Academics and researchers, it aims to increase the collective academic knowledge on strategic management and international business. The study aims to provide an analysis of the impacts of globalization to the local Kenyan industries and the business environment.

Local business conditions in Nairobi and Kenya, to a significant extent, mirrors those of other countries in East Africa and the larger Sub-Saharan Africa. This means that this study aims to provide to academics an accurate picture and template on how local firms are affected and react to globalization forces.

1.5.3 Management Practice and Policy

The Research aims to provide Managers in local firms with knowledge and conceptual tools on strategies on how to anticipate globalization forces such as intense foreign competition. It
also aims to provide them with a framework on how they can use globalization to gain competitive advantage for their firms. Managers can then set up guidelines, strategies and policies that would dictate how the firm responds to globalization forces. Understanding how local firms anticipate, interact and adapt to global forces is of paramount importance to any manager who wishes to see his/her firms survive in today’s turbulent business environments; and expand beyond local national borders.

1.6 Scope of the Study
The research will be carried out at Regent Valuers Ltd, Kenya. The firm specializes in the valuation of automobiles and machinery; vehicle tracking and fleet management, mainly for corporate clients such as banks and insurers. The firm has 31 branches in the country.

The geographical scope will be limited to Nairobi and the target population will be drawn from Regent headquarters and branches in Nairobi. Respondents will be picked from all levels and departments of the firm. It will be carried out over a period of three months.

1.7 Definition of Terms

1.7.1 Globalization

Globalization is the process of international integration arising from the interchange of culture, world views, products and ideas. This has been brought about by advances in transportation and telecommunication technology (Rugman & Collinson, 2012).

1.7.2 Internationalization

Internationalization is the process and increasing tendencies of business firms to enter international markets. Globalization has brought about rapid internationalization (Rugman & Collinson, 2012).
1.7.3 Liberalization

Liberalization is the introduction of government policies that move away from planned economies toward more free market systems. They are marked by the privatization of state-owned businesses, a lowering of tariff and non-tariff barriers, and reductions in the constraints placed on foreign firms’ investments and business activities (Rugman & Collinson, 2012).

1.7.4 Multinationals corporations (MNCs)

Multinationals corporations (MNCs) are enterprises operating in several countries but managed from one (home) country. Generally, any company or group that derives a quarter of its revenue from operations outside of its home country is considered a multinational corporation (Pierce & Robinson, 2012).

1.8 Chapter Summary

The chapter first provides a background of the problem. The background goes in-depth into the history of globalization, while providing insight into key terms. It also narrows the scope by giving an analysis of the Kenyan business environment. It then gives a problem statement. This presents the research problem clearly, by showing the existing knowledge gap and motivation behind the study. It then provides the purpose of the study, which presents in general, the aims of the study. It then goes into three research questions or objectives. The study then gives the significance or importance of the study: to local firms (with Regent Auto-Valuers Ltd as the first beneficiary), academia and management policy. Next, it shows the full scope of the research. It then defines terms and vocabularies. Finally, it gives a chapter summary. Chapter two is the literature review of the study. The third chapter covers the Research methodology used in the study. Chapter four covers the data analysis. Finally, the last chapter, Chapter five offers the conclusion.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
The below chapter presents a literature review on the effects of globalization on local firm competitiveness. It also provides an analysis of the strategies local firms use to adapt to globalization with an emphasis on foreign competition. Finally, it provides strategies they can use to enter international markets. The chapter provides a review of current accumulated knowledge, findings and theoretical and methodological information related to the study. The review goes in-depth into the research questions/ specific objectives noted in the last chapter.

2.2 The Effects of globalization on Local firm competitiveness
This section seeks to go in-depth into the impact of globalization on business organizations and their environments. It analyses both the positive and negative effects brought about by globalization.

2.2.1 Foreign Direct Investment
Rugman and Collinson (2012) describe Foreign Direct investments as investments made by a company or individual in one country, in business interests in another country, in the form of either establishing business operations or acquiring business assets in that country. This would include ownership or controlling interest in the foreign company. Slaughter and May (2013) explain that an increase in FDI may be associated with improved economic growth due to the influx of capital and increased tax revenues for the host country. Host countries often try to channel FDI investment into new infrastructure and other related projects to boost development.

In Developing countries business environments, according to Bigman (2002), increased foreign direct investment has been shown to lead to greater competition in local industries. This competition has the effect of leading to increased productivity and efficiency in local
firms. The introduction of new management policies by the investing entities to host country firms leads to more effective and efficient management practices in local companies.

Slaughter and May (2013) suggest that Foreign Direct Investment can also come in the form of access to foreign loans and bailout funding by international financial institutions. An example of such an Institution is the International Finance Corporation, a subsidiary of the World Bank Group. The firm offers investment, financial advice and financial management assistance to private sector firms in developing countries. Access to international finances can be vital to developing country firms which wish to expand in scope and also gain emergency funding for turnaround strategies.

2.2.2 Economic growth and Increase in wealth

Globalization has brought about a significant increase in both the nominal and real gross domestic products of developing nations, and an increase in per capita income. Harvard economics professor N Gregory Mankiw states that there is a general consensus amongst most Economics professionals and academics that increased globalization leads to increased economic growth, increased wealth and better living standards for all countries involved. Economic growth and enterprise are strongly correlated. According to Grosse (2003), increased globalization leads to increased local business activity which leads to economic growth.

An example of economic growth attributed to globalization is the rise of China as an economic powerhouse. China under Deng Xiaoping in 1978 introduced Economic reforms that embraced globalization and liberalization. The country experienced unprecedented economic growth from 1978 to 2013; with the economy growing at 9.5% per year. According to Lin (2014), much of the county’s economic successes can be attributed to embracing globalization. China has since risen to be the second largest economy after the US, unseating the previous incumbent, Japan.
2.2.3 Employment

Globalization has brought about employment and employment opportunities in developing countries. Huwart and Verdier (2013) explain that as Multinational corporations expand into developing countries, they need local manpower to run their operations, thus giving local citizens jobs.

Outsourcing has had a tremendous impact to developing countries in terms of employment and business opportunities. Outsourcing, according to Pierce and Robinson (2012) is the process by which firms increase their efficiency by moving portions of their business operations, such as manufacturing and human resource management, to third party contractors in foreign countries. Most of the countries chosen are developing nations due to a vast pool of labor and cheap resources. Asian countries have reaped the most benefits from outsourcing. China and India have become the world hubs of outsourcing. Both have the two largest populations on Earth. China has excess manufacturing capacity while India has an excess skilled labor pool. Hon Hai Precision Industry Ltd, commonly known as “Foxconn” is the world largest contract manufacturer. With most of its manufacturing plants in China, it employs 1.3 million employees (Hill & Hult, 2016).

2.2.4 Infrastructure

According to Rugman and Collinson (2012), as developing countries receive Foreign Direct Investment from foreign firms. They pump this money into upgrading their existing infrastructure, such as roads and telecommunication. Countries not only engage in infrastructure spending for the convenience of citizens; they do this to attract more foreign direct investment. A nation with improved infrastructure results in increased attractiveness to foreign firms that would wish to set up. This results in even more foreign direct investment. Local firms greatly benefit from improved infrastructure. Adequate infrastructure in a Key driver of business activity. This is because it becomes cheaper for local and foreign firms to operate.
2.2.5 Technology

Globalization has given developing countries and local firms access to foreign technology. According to Wild and Wild (2015), not only has technology been an impact of globalization, it has also been a major driver. This has increased standards of living in the developing world.

The largest technological impact to East Africa, has been the adoption of the mobile phone. Today, most Kenyan citizens have access to a foreign manufactured cell phone. Beauchesne et al. (2014) state that Kenya’s Safaricom was able to use technology acquired from Vodafone plc. to grow into the country’s largest telecommunications firm. With enhanced transportation and telecommunication technologies, companies have been able to gain access to more markets (Pierce & Robinson, 2012).

2.2.6 Knowledge exchange

Globalization has led to the exchange of knowledge and skills between countries, companies and individuals. According to Rugman and Collinson (2012) local firms have been able to gain knowledge and skills through venturing abroad into foreign territory. Firms also gain knowledge and skills by hiring skilled personnel from foreign countries. Finally, local firms with limited resources learn greatly from foreign firms in the local business environment through duplicating their strategies, management practice, technologies and by hiring former employees. This has greatly aided local enterprises in improving their own techniques and efficiencies.

2.2.7 Adverse competition

According to Pierce and Robinson (2012) globalization leads to increased competition. This competition can be related to product and service cost and price, target market, technological adaptation, quick response and quick production by companies. It mainly occurs as a result of foreign firms setting up in the local business environment, increased importation and increased competition from local firms gaining foreign investment.
Qaqaya and Lipimile (2008) explain that despite the fact that increased competition aids indigenous firms in increasing efficiency; local firms can be negatively affected by foreign firms in the local environment. Multinational Corporations in the environment have massive capital outlays, advanced technologies, skilled manpower and vast experience. Local firms may be unable to compete, and may be driven to extinction in their own local market.

2.2.8 Environmental impact

Many foreign firms expand into developing countries to take advantage of cheap natural resources. According to Rugman and Collinson (2012), Due to relaxed laws in developing countries, their operations may negatively impact the environment as they extract raw materials. They may also dispose toxic wastes haphazardly due to relaxed or poorly enforced laws in many developing countries.

The Bhopal disaster in India, considered to be the world’s worst industrial disaster, is a prime example of this. In 1984, a chemical leak at a Bhopal pesticide plant, led to the plant spewing toxic gases into the atmosphere. This led to 3787 deaths, half a million injuries and massive air and water pollution. The plant was owned by Union Carbide Corporation, an American Multinational (Eckerman, 2004).

2.2.9 Political instability

According to Wild and Wild (2015) many multinationals expanding into developing countries, bring with them political influence that may negatively impact the political stability of a country. Political instability leads to a great loss of business activity.

Wright (2010) explains that Guatemalan president Jacobo Arbenz was overthrown in 1954, by a coup detat that was engineered by the US Department of State and the Central Intelligence Agency. The United Fruit Company lobbied the US government to overthrow him, after his new policies ran afoul with them. Another case can be seen with the 1953 ouster of Iranian president, Mohammad Mosaddegh, instigated by the Anglo-Persian Oil Company / British Petroleum (Wright, 2010).
2.2.10 Repatriation of profits

Multinational companies operating in developing countries normally repatriate revenues and profits gained from those nations back to their home countries. This is in contrast to local firms who would use revenues gained, in the country. Huwart and Verdier (2013) explain that this leads to developing markets not benefitting from funds they spend on products made by foreign companies. It has also led to developed nations with many multinational corporations; such as the US to experience rapid economic growth at the expense of developing countries.

2.3 Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

How can a local firm in a developing country such as Kenya compete with a multinational corporation? The multinational will always have more resources such as capital, labor and technology. The multinational has also gained more experience, and most likely has existed longer. Multinationals such as Coca Cola and Toyota are over a hundred years old (Pendergrast, 2013). According to Grosse (2013), it depends on multiple factors such as industry conditions, national conditions, market conditions, state of the local firms and its leadership.

To analyze the strategies adopted by local firms on the defensive against foreign multinationals, it is imperative to gain an understanding of the competitive nature of the local industry. Such an understanding would need an analysis of the competition in the local industry, using the Porter’s Five Forces Analysis tool. The Porter’s Five Forces Analysis is a strategic management tool for analyzing the level of competition in an industry. It was developed by Harvard University Professor and Strategy Guru, Michael E Porter.

According to Porter (1980), the higher the competitiveness in a market, the more unattractive the market may be to foreign firms, wishing to gain access. This is because the firm entering the market would have to overcome more hurdles in gaining market access, due to competition barring entry. The Five Forces Analysis Framework analyses a number of factors in an industry. These are the bargaining power of buyers; the bargaining power of
suppliers; the threat of new entrants into the market; the threat of substitute products and services and the rivalry between existing competitors.

According to Porter (1980), good potential markets with suitable conditions, attracts new firms. The more the firms in the industry, the less the revenues, since these firms will have to share a single market. The existing competitors thus must try to bar the entry to new firms. They do this by trying to create an environment that is hostile to startups in the industry, through barriers to entry. These barriers include technology patents, stringent government policy, large capital requirements, infrastructure, and incumbent competitors possessing large economies of scale, limited access to distribution networks, consumer loyalty and pricing strategies (Porter, 1980).

In Kenya, threat of new entrants depends on the industry conditions and number of player firms. The telecommunications industry has very few competitors, but barriers to entry are quite large, due to the top two players, Safaricom Ltd and Airtel Ltd, having massive capital outlays, proprietary technology, infrastructure access, distribution channels and market experience. The software technology industry, however has low barriers to entry due to the existence of few competitors, limited research and development and limited skilled labor. It is thus vulnerable to the market entry of powerful multinational firms (Balala, 2013).

According to Porter (1980), the bargaining power of customers is the ability of the market consumers to apply pressure to the firm. Powerful consumers are highly sensitive to price changes, which would impact firm revenues. Consumer power would be high if competitors and alternatives are many in the market. This would place great pressure on the firm in terms of pricing and quality desired by consumers.

In the Kenyan market, according to Balala (2013), bargaining power of consumers also depends on the industry. In the telecommunications industry, bargaining power is low. This is because the switching cost placed on consumers is high. However, in the fast moving consumer goods (FMCG) industry, bargaining power is very high. This is due to numerous competition and alternatives.

According to Pierce and Robinson (2012), the firms that supply business to business goods such as raw materials and labor, can have power over the client firm, if suppliers are few, their products are scarce, and alternatives are few. They would thus dictate transactions on
their terms and not the client firm e.g. pricing. Suppliers may also opt to work for certain firms and not others leaving them at a competitive disadvantage (Pierce & Robinson, 2012).

In the Kenyan market, according to Balala (2013), bargaining power of suppliers depends on the resource being supplied. The Kenya Power and Lighting Company has a monopoly on the sale and distribution of electricity. It thus has a very large bargaining power. Suppliers of imported electronics have relatively low bargaining power due to the existence of numerous competitors.

According to Porter (1980) the threat of substitute products and services is the number of unrelated product alternatives that may alter the consumption of a product or service. A local Kenyan example would be if a consumer switched from taking bread in the morning to eating sweet potatoes. The availability of sweet potatoes in the market would pose a threat to local bakers.

According to Balala (2013) the threat of substitute products and services also depends on the product. In Kenya, it is relatively low. This is due to limited product innovation. An example is maize flour and milk products which Kenyans are highly reliant on. Most local consumers are vulnerable to price changes without having an alternative to switch to.

According to Pierce and Robinson (2012), industry rivalry is a major determinant of competition intensity in an industry. Factors that determine industry rivalry include: Innovation, number of competitors, transparency, competitor size and advertising expenditure. Rivalry may make a market unattractive due to the existence of many aggressive competitors; but also attractive due to the competitors not forming cartels that create barriers to entry. Industries with high levels of rivalry are also highly innovative in nature, due to increased competition.

According to Balala (2013), industry rivalry in Kenya depends on the specific industry. The banking industry has high levels of rivalry due to the existence of numerous powerful competitors, and the high growth rate of the sector. The road transport industry however is an economic anomaly. Despite having numerous competitors, the industry is highly cartel-like, with cooperation on pricing and routes.
2.3.1 Special competitive advantages possessed by local firms

The first advantage is that of unique perceived value by the local consumers. Kippenberger (2000) explains that local firms usually have the advantage as being perceived by the local market as being indigenous thus superior. To keep ahead of foreign firms, local firms must deliver a unique mix of value. They take advantage of and preserve this perception. Local firms must also overcome any negative stereotype of local products being inferior against foreign ones.

The second advantage is the local firms possessing cultural capital. While local companies cannot match the economic resources of multinational firms, they can compete by taking advantage of their cultural capital. Cultural capital, according to Kippenberger (2000) are the social assets possessed by local firms in their home market. He recommends that local companies should emphasize the prestige of cultural heritage. These companies must craft products in a way that represents its local culture. Cultural capital can rarely be replicated by foreign firms.

The third advantage possessed by local firms is their increased ability of targeting and positioning, in the local market. Kippenberger (2000) states that local companies have the advantage of having the ability to target alternative, unconventional market segments whose wants and needs match the firm’s cultural resources. These market segments are usually ignored by multinational firms. Examples are the low income consumers and global consumers seeking a unique local experience.

2.3.2 Adopted Strategies

2.3.3.1 Unique Innovation

According to Veliyath and Brouthers (2010), typical generic strategies adopted by firms in the developed world may not work in developing markets. This is due to unique market characteristics and conditions. These conditions have enabled firms in developing countries to develop unique innovative capabilities that may not be possessed by foreign firms. Local firms can use these capabilities in combating foreign competition.
It is thus imperative that local firms be dynamic and innovative with their cultural resources, and not copy foreign firms in certain strategies. They can build and manage their unique value to create increased self-worth and self-respect, resulting in a great pride for local products.

2.3.3.2 Local and global vision

Given the forces for globalization and localization, local firms need to interact with other local firms and transnational companies in order to learn from them. Local firms need to be fully integrated into the local economy. To this end, they should develop a deep understanding of inter and intra cultural dynamics, assisted by the increased availability of global information (Veliyath & Brouthers, 2010).

By having both a local and global vision, local firms are thus better able to position themselves in the market and formulate responses to foreign competition.

2.3.3.3 Local marketing skills

Due to cultural differences in local and foreign; or developing and developed countries, marketing activities may have to be approached differently in different countries. Because of this, local firms have the advantage of knowing the culture, of the local market. They thus have developed appropriate marketing strategies for the market. Foreign firms on the other hand have to learn and adjust to the local cultural environment, thus putting them at a disadvantage.

Grosse (2003) states that rather than importing marketing strategies from the developed world, they need to be developed locally. Local customized marketing skills are appropriate for the particular local context.

2.3.3.4 Local alliances and partnerships

Veliyath and Brouthers (2010) explain that local companies minimize the threat of extinction by entering into strategic alliances with other local companies. Local firms would gain a
shared purpose of survival, when faced with the threat of the market entry of a powerful foreign multinational. They may find that by forming mutual alliances and partnerships, their combined strengths and scope can counter foreign competition.

While such an alliance could be with a foreign firm, more advantage comes from those with local firms. Local firms should combine resources, competencies and skills in a way that encourages creative projects and increases local defense against foreign multinationals.

2.3.3.5 Government support

Kippenberger (2000) explains that winning government support can help local firms develop an environment that will likely support them in terms of public policy and civil action, thus giving them competitive advantage against foreign firms.

Lobbying is a powerful strategy that can be utilized by local firms. Lobbying is defined by Slaughter and May (2013), as actions undertaken to influence government decisions and policies. Through lobbying, local firms can influence government policies and regulation that protect local firms against foreign competition. Examples are increased tariffs and taxes on foreign firms.

2.4 International market entry strategies for local firms

For firms to survive in the 21st century, according to Rugman and Collinson (2012); they will need to take advantage of globalization and expand beyond their national borders or internationalize. The main reason for internationalizing is growth. Firms that internationalize go from adopting a defensive posture, to adopting an offensive posture. This occurs as they evolve from fighting off offensive multinational competition in their local environment, to competing in the turfs of defensive local firms in foreign countries. Rather than constantly being on the defensive and fighting off global companies, they need to internationalize to gain competitive advantage over both local and foreign competition.

According to Pierce and Robinson (2012) firms wishing to globalize need to have a global strategy. A global strategy is defined as an organization’s plan or blueprint for globalization. An adequate global strategy must address some questions. First, what must be the extent of
its market presence in the world's major markets? How will the firms build global presence? What would be the optimal locations around the world for the various value chain activities? Finally, how will the firm turn a global presence into a global competitive advantage?

According to Dawar and Frost (1999) local companies may possess certain competitive advantages that can aid them to expand internationally. Examples are lower cost production; and through experience; the ability to serve hard to reach market segments. Managers would have to first exploit foreign markets that are similar to the local market. By expanding to these markets, they would grow in scope, giving them competitive advantages that would enable them to expand into unfamiliar foreign markets.

Two factors, according to Dawar and Frost (1999) enable local firms to know how well they are positioned to expand into foreign territories. These are the intensity of globalization pressures and the level at which their competitive assets and advantages are transferrable in international markets. Environments with high globalization pressures have internationally standardized products, high fixed costs, consumers that demand standardized products, success being determined by multinational scale and competition controlled by international rules. Environments with low globalization pressures have highly customized local products/services, high variable costs, variable consumer tastes, success rate depending on customization of products/services and competition that is determined by developed customer relationships (Kippenberger, 2000).

According to Dawar and Frost (1999), if globalization pressures are weak and its assets are not transferrable. The firm then needs to adopt a defensive posture to ward off multinationals in its local firm. This firm would be termed as a “Defender”. If global pressures are weak, but the firm’s assets are transferrable, the firm needs to expand to a few other markets. A firm adopting this strategy would be termed as an “Extender”. If globalization pressures are strong and its assets are weak, the firm needs to retreat to its local market and restructure itself to take advantage of the specific areas where it retains competitive advantage. It would be termed as a “Dodger”. However, if the firm’s assets are transferable and the pressure to globalize is high, the firm will be able to compete in foreign markets and should adopt an aggressive offensive posture, to rapidly expand into foreign markets. This firm is known as a “Contender”. The Defender, Dodger, Extender, Contender Framework is very useful strategy tool for local firms that wish to analyze their readiness to expand into foreign markets thus
internationalize. It was developed by Professor Niraj Dawar of the Ivey Business School; and Professor Tony Frost of the University of Western Ontario in Canada.

**Figure 2.1: Positioning for Emerging Market Companies**

Adapted from Competing with Giants: Survival Strategies for Local Companies in Emerging Markets by Dawar and Frost (1999).

### 2.4.2 Market Entry Strategies

#### 2.4.2.1 Exporting

Exporting is the first strategy that a local company should use in their globalization effort, before physically expanding into other countries. This helps them gauge demand.

According to Pierce and Robinson (2012) exporting is the process of selling goods or services produced in one country to other countries. There are two types of exporting: direct and indirect. Indirect export means that products are carried abroad by other agents and the firm doesn’t have special activity connected with international market, because the sale abroad is treated like the domestic one. In the case of direct exporting, the firm becomes directly involved in marketing its products in foreign markets (Twarowska & Kąkol, 2013).
2.4.2.2 Licensing

According to Wild and Wild (2015) licensing is another way of entering a foreign market with minimal risk. The firm gives the licensee patent rights, trademark rights, copyrights and product/process know-how. In return, the licensee will produce the licensor’s products, market these products in his assigned territory and pay the licensor fees and royalties usually related to the sales volume of the products. This type of agreement is generally welcomed by foreign public authorities because it brings new technologies into the country.

2.4.2.3 Franchising

Franchising is similar to licensing except that the franchising organization tends to be more directly involved in the development and control of the marketing program.

According to Twarowska and Kąkol (2013) the franchising system can be defined as a system in which semi-independent business owners (franchisees) pay fees and royalties to a parent company (franchiser) in return for the right to become identified with its trademark, to sell its products or services, and often to use its business format and system.

2.4.2.4 Joint ventures

Pierce and Robinson (2013) explain that a joint venture is a business entity created by two or more parties, generally characterized by shared ownership, shared returns and risks, and shared governance. To enter a foreign market, a firm can create a joint venture with a local firm, to gain experience, revenues and market share in that market. This can aid the firm to gain footing in a foreign market. Joint ventures however need significant investment and resources. This may limit this strategy to firms that are large in scope.

2.4.2.5 Strategic alliances

According to Campbell and Reuer (2001) strategic alliance describes a variety of cooperative agreements between different firms, such as shared research, formal joint ventures, or minority equity participation. Strategic alliances are mutually benefitting to both the local
and expanding firm. The expanding firm may also reciprocate by aiding the local firm in its future international expansion.

A firm entering a foreign market would find it useful to form a strategic alliance with a local firm to gain information, support and experience (Twarowska & Kąkol, 2013).

2.4.2.6 Direct investment

Using direct investment, the firm makes a direct investment in a production unit in a foreign market. It is the greatest commitment since there is a 100% ownership. According to Pierce and Robinson (2012) there are two types of direct investments: firms can make a direct acquisition in the host market or they can develop their own facilities from the ground up. This form is called Greenfield investment.

Acquisition has become a popular mode of entering foreign markets mainly due to its quick access. Acquisition is lower risk than Greenfield investment because the outcomes of an acquisition can be estimated more easily and precisely. Twarowska and Kakol (2013) explain that Greenfield investment is the establishment of a new wholly owned subsidiary. It is often complex and potentially costly, but it grants full control over the firm, and has the most potential to provide above average returns. Greenfield investment is extremely high risk due to the costs of establishing a new business in a new country. This entry strategy takes much time due to the need of establishing new operations, distribution networks, and the necessity to learn and implement appropriate marketing strategies to compete with rivals in a new market.

2.5. Chapter Summary

The Literature review has covered all areas related to the three research questions or objectives. The first objective was the impact of globalization on the local environment and local firms’ competitiveness. The review first analyzed the positive impacts then the negative impacts of globalization to local firms. The second objective was an evaluation of strategies that local firms can use to compete against foreign firms in their local business environment. In this section, it first does a competitive analysis of local firms. It then scrutinizes the
competitive advantages possessed and to be exploited by local firms against foreign firms. Finally, it assess strategies that local firms can use to compete with foreign firms. The third objective was on how local firms enter international markets to gain competitive advantage. It first analyses the concept of global strategy. Finally, it evaluates the strategies that local firms can use to enter foreign markets. Chapter three covers the research methodology.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
The following chapter describes the research methodology used in conducting this study. These are the methods used to collect data for the research. First the chapter analyses the research design. It then goes into the population and the sampling design of the study. It then analyses the data collection methods used. Next, it goes into the research procedures. It then scrutinizes the data analysis methods. Finally, it offers a chapter summary.

3.2 Research Design
According to Cooper and Schindler (2014), the Research design is a blueprint for fulfilling research objectives and answering research questions. The research design is the plan for a research activity. It shows both the plan and structure of the investigation. The plan is the overall scheme or program of the research. It includes an outline of what the investigator will do; from writing hypotheses to operational implications on the final analysis of data.

The study uses a descriptive research design. Descriptive research, according to Kothari (2009), tries to discover answers to the questions who, what, when, where and how. The researcher attempts to describe or define a subject, often by creating a profile of a group of problems, people, or events.

3.3 Population and Sampling Design
3.3.1 Population
A population is the total collection of elements about which we wish to make some inferences (Cooper & Schindler, 2014). It is a set of items that share similar characteristics which are of importance to the study. The population of this study will involve the management, senior staff and junior staff of Regent Automobile Valuers and Assessors Ltd in all Nairobi branches.
Table 3.1: Population

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>7</td>
<td>8.1%</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>27</td>
<td>31.4%</td>
</tr>
<tr>
<td>Junior Staff</td>
<td>52</td>
<td>60.5%</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

A sample is a sub group of elements with characteristics representative of an entire population. Sampling, according to Groves (2010) is the selection of a subset of elements within a population, to be able to accurately estimate true characteristics of the whole population. Probability and Statistical analysis are used to enhance accuracy. A Sampling design is the framework for ensuring that an efficient sample that accurately represents all characteristics of the population is selected.

3.3.2.1 Sampling Frame

A Sampling Frame, according to Sarndal, Swensson and Wretman (2013), is a list of all entities from which a sample is drawn, with the sample characteristics mirroring the population characteristics. For the study, the sampling frame would involve a list of all entities in the population being studied.

3.3.2.2 Sampling Technique

The sampling technique is the process used to select the entities used in the study.

The sampling technique used in the study was a Census. According to Cooper and Schindler (2014), A Census is the sampling technique in which the entire population set used as the sample. The census sampling technique was selected since the population size of personnel at Regent Ltd was relatively small with 86 personnel. All the population elements were also
easily accessible. The census technique was also selected to ensure maximum accuracy of the data collected.

3.3.2.3 Sample Size

The Sample size is the number of elements in the Sample (Cooper & Schindler, 2014). The population used was drawn from the Nairobi branches of Regent Automobile Valuers and Assessors Ltd.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Number</th>
<th>Percent</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>7</td>
<td>8.1%</td>
<td>7</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>27</td>
<td>31.4%</td>
<td>27</td>
</tr>
<tr>
<td>Junior Staff</td>
<td>52</td>
<td>60.5%</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100%</td>
<td>86</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Primary data was the main type of data used in the research. According to Kothari (2009) Primary data is data which is freshly collected for the first time from the source and thus is original in character, while Secondary data is data that was collected by a different researcher at a different time for a different purpose, and has already gone through the statistical process.

For the primary data, the main tool that was relied upon was the questionnaire. A questionnaire is a set of printed questions with spacing left for answers. A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms. The questionnaire is delivered to respondents who are expected to read and understand the questions and write down their replies in the space meant for the purpose in the questionnaire itself. According to Kothari (2009) the respondents answer the questions on their own, without any influence. The questionnaire used in the study had open-ended and closed-ended questions. Closed-ended questions were for limited answers; while Open-ended
questions were for variable answers, such as opinions. Closed ended questions made up the bulk of the queries in the questionnaire.

Data in the closed ended sections of the questionnaire was ordinal in nature. Ordinal data, according to Cooper and Schindler (2014) has a specific ranking, sequencing or positioning. The specific values of the data and not the differences between them are significant. Unlike interval and ratio scales, ordinal scales have no absolute zero, i.e. ordinal data does not begin at zero. The questionnaire utilizes a Likert scale. A Likert scale according to Cooper and Schindler (2009) is a psychological scale used to measure attitudes, through a one to five rating system. In the questionnaire, the scale categorizes ordinal data, giving the participant five options, from highly disagreeing to highly agreeing. Respondents can either choose to highly disagree, disagree, be neutral, agree or highly agree.

3.5 Research Procedure
A pilot study or pre-test was undertaken to ensure viability of the data collection tool. A pilot study or pilot test, according to Cooper and Schindler (2014), is a small study conducted to analyze weaknesses in the design of data collection instruments. It was conducted with the help of five employees at Regent Automobile Valuers and Assessors Ltd, to ensure that the instruments were viable and error free. The data collection instruments were then modified based on feedback from the pilot study. The researcher then personally administered the questionnaires, together with a research assistant, to viable respondents who were part of the population sample.

3.6 Data Analysis Methods
According to Cooper and Schindler (2014) data analysis is the process of reducing accumulated data to a manageable size, looking for patterns, and applying statistical techniques with the aim of discovering vital information and generating conclusions.

The analysis of data required the establishment of categories, application of these categories to raw data through coding, tabulation, and then drawing statistical inferences (Kothari, 2009). After data was input, statistical analysis was done through Spreadsheet software,
Microsoft Excel and Statistical analysis software IBM SPSS. Data analysis was then carried out with descriptive statistical methods of means and standard deviations; and inferential statistical methods of reliability and correlation analysis.

3.7 Chapter Summary
The Chapter first started with an introduction that provided its structure. It then described the research design of the study. Afterwards, it gave the population and sampling design of the study, providing two tables with Regent Automobile Valuers and Assessors Ltd.’s population distribution and sample size distribution. It then gave the sampling frame, sampling techniques and sample size used. It then illustrated the Data collection methods employed. It then described the research procedure used. Finally, it gave an overview of the data analysis methods used and a chapter summary. The next chapter, Chapter four provides the Data Analysis.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the data analysis phase of the research process. Data that was analyzed was collected from respondents from Regent Automobile Valuers and Assessors Ltd. This was done using a questionnaire tool. The purpose of the research was to determine the three research questions. The first was the effects of globalization on local firms’ competitiveness. The second was how local firms compete with foreign ones in an increasingly globalized local environment. The third was how local firms enter international markets.

The chapter is structured as follows. After providing the introduction, it presents the response rate. It then presents findings from the general information section of the questionnaire. This is the general and demographic information of respondents. It includes gender, age, education level, position at the firm and years of service at the firm. The chapter then provides a descriptive analysis of gathered data. This includes frequency distributions, measures of central tendency and a reliability analysis using Chronbach’s Alpha. The next section is an inferential analysis of collected data. This includes a correlation analysis using Person’s Product Moment Correlation Coefficient. Finally, it provides a chapter summary. The chapter presents the findings in the form of frequency tables and graphs. Graphs include pie charts and bar graphs. Interpretations are provided before every table and graph.

4.2 Response Rate
The population size of Regent was 86 personnel. The sampling technique was a census. This involved the entire population being used in the study. 86 questionnaires were distributed in the firm, at all management and operations levels. Out of the total number of questionnaires distributed, 73 were collected successfully. This represents a response rate of eighty five percent. According to Cooper and Schindler (2014), this was adequate for the study.
Table 4.1: Response rate

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>73</td>
<td>84.9</td>
</tr>
<tr>
<td>Not returned</td>
<td>13</td>
<td>15.1</td>
</tr>
<tr>
<td>Total Distributed</td>
<td>86</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 General and Demographic Information

This section presents the general and demographic information about the respondents who participated in the research. In the questionnaire, respondents were asked to provide their gender, age, education level, position at the firm and years of service at the firm. Answers were provided in the form of alphabetic multiple choices.

4.3.1 Participant Gender

The respondents were asked about their gender, either male or female. Information is illustrated below in the form of a pie chart in Figure 4.1. 40 respondents or 55% of the sample were male, while 33 respondents or 45% were female.

![Figure 4.1: Participant Gender](image)

Figure 4.1: Participant Gender
4.3.2 Participant Age

In the data analysis, the age distribution of the respondents was also examined. All respondents that participated in the study were between the ages of 18 and 50. The bulk of respondents were between the age of 31 and 40 years. 45 respondents were in this age group and made up 61.6% of all respondents. Respondents between the ages of 18 and 30 were the second largest group making 31.5% with 23 respondents. Finally, respondents between the ages of 41 to 50 made up 6.8% with 5 respondents. They were the smallest group. There was no respondent above the age of 51 years.

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 30</td>
<td>23</td>
<td>31.5 %</td>
</tr>
<tr>
<td>31 – 40</td>
<td>45</td>
<td>61.6 %</td>
</tr>
<tr>
<td>41 – 50</td>
<td>5</td>
<td>6.8 %</td>
</tr>
<tr>
<td>Above 51</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.2: Participant Age Distribution
4.3.3 Participant Education Level

The respondent’s education attainment level was also analyzed in the research. The majority of respondents, 57.5% or 42 participants, had a Bachelor’s Degree. 30.1% or 22 respondents had a Master’s Degree. 7 participants, or 9.6% had a Secondary School Certificate. Two respondents or 2.7% had a Doctorate. All participants had at least a Secondary School certificate.

Table 4.3: Participant Education Level

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary certificate</td>
<td>0</td>
<td>0 %</td>
</tr>
<tr>
<td>Secondary certificate</td>
<td>7</td>
<td>9.6 %</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>42</td>
<td>57.5 %</td>
</tr>
<tr>
<td>Master’s degree</td>
<td>22</td>
<td>30.1 %</td>
</tr>
<tr>
<td>Doctorate</td>
<td>2</td>
<td>2.7 %</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.3: Participant Education Level
4.3.4 Participant Staff category

The participant’s position at the firm or staff category was analyzed in the study. The positions were narrowed down to three categories. The respondents were either management, senior or junior staff. Majority of the participants were junior staff, 45 respondents making 61.6% of the sample. Senior staff were 23 respondents making 31.5%. Management’s five respondents made up 6.8% of the sample.

Table 4.4: Participant Staff category

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>5</td>
<td>6.8%</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>23</td>
<td>31.5%</td>
</tr>
<tr>
<td>Junior Staff</td>
<td>45</td>
<td>61.6%</td>
</tr>
<tr>
<td>Total</td>
<td>73</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.4: Participant staff category
4.3.5 Participant’s years of service at firm

The number of years that respondents had served at the firm was analyzed. Majority of the participants had worked at the firm for between six to ten years. This group were 42 in total, and made up 57.5% of all respondents. Those who served less than five years were the second largest, with 19 respondents making up 26% of the respondents. Finally, participants who served between eleven and twenty years were the fewest with 12 participants, making up 16.4% of all respondents.

Table 4.5: Participant’s years of service

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5 years</td>
<td>19</td>
<td>26%</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>42</td>
<td>57.5%</td>
</tr>
<tr>
<td>11 – 20 years</td>
<td>12</td>
<td>16.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>73</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 4.5: Participant’s years of service
4.4 Descriptive analysis of research variables

The research sought to collect data based on the three research objectives. These were, the impact of globalization on local firm competitiveness; how local firms compete with foreign firms in an increasingly globalized local environment and how local firms enter international markets.

Section two, three and four of the questionnaire used a Likert scale in its closed ended questions. The respondents would answer questions by picking one of five options: highly disagree, disagree, neutral/uncertain, agree or highly agree. The descriptive analyses used were the frequency or percentage distribution; Measures of Central tendency and a Reliability analysis. For the frequency distribution, the descriptive analysis categorized data in frequency tables. The frequency of all chosen options were analyzed using Microsoft Excel. Percentages were then generated from the frequencies of appearance. For the reliability analysis, the research used the Chronbach’s Alpha test.

4.4.1 The Effects of globalization on Local firm competitiveness

Most respondents believe that globalization has had a significant impact on their firm’s competitiveness. 81 percent agreed, while 19 percent highly agreed with the statement. Most respondents also believed that globalization had affected their firms in a positive way. 63 percent agreed, while 29 percent highly agreed, with 8 percent remaining neutral on the statement. Respondents however had mixed feeling when asked whether their firm was adequately equipped to handle globalization pressures. 7 percent disagreed, 23 percent were neutral, 45 percent agreed, while 25 percent highly agreed. When asked however whether the firm’s current strategies have been effective at aiding it adapt to globalization, most respondents (67 percent) agreed. 29 percent highly agreed, while 4 percent remained neutral.

When asked whether there are increasing opportunities related to globalization that local firms can exploit, most (79 percent) agreed, while 21 percent strongly agreed. Respondents also agreed with the statement that firms that embrace globalization are highly successful in the local market. 53 percent agreed, while 47 percent strongly agreed. Most respondents agreed with the statement that their firm has exploited opportunities related to globalization. 74 percent agreed, while 26 percent highly agreed. When asked whether the firm has used or
offered some form of outsourcing services, to a foreign firm, 68 percent agreed, while 32 percent highly agreed. Respondents agreed that the organization had hired the services of specialized foreign labor. 78 percent agreed, while 22 percent highly agreed.

Participants in the study highly agreed with the statement that globalization has led to increased investments and financing from foreign firms and financial institutions that have been beneficial to the organization. 58 percent highly agreed, while 42 percent agreed. Respondents also highly agreed with the statement that globalization has given local employees additional employment opportunities. 55 percent highly agreed, while 45 percent agreed. When asked whether globalization had led to improving infrastructure vital to the organization, most respondents agreed. 66 percent agreed, while 34 percent highly agreed. Most respondents also agreed with the statement that globalization has led to the firm gaining access to new technologies which have given it a strategic edge. 74 percent agreed, while 26 percent highly agreed.

The majority of respondents highly disagreed with the statement that firms that do not globalize are likely to survive into the future. 44 percent highly disagreed, 18 percent disagreed, 10 percent remained neutral, 12 percent agreed while 16 percent highly agreed. Finally, most respondents agreed with the statement that globalization had led to more positive than negative impacts to the local business environment. 67 percent agreed, while 33 highly agreed.
Table 4.6: The Effects of globalization on Local firm competitiveness

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Highly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Highly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Globalization has had a significant impact on your firm</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>81</td>
<td>19</td>
</tr>
<tr>
<td>2.</td>
<td>Globalization has affected your firm in a positive way</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>63</td>
<td>29</td>
</tr>
<tr>
<td>3.</td>
<td>Your firm is adequately equipped to handle globalization pressures</td>
<td>0</td>
<td>7</td>
<td>23</td>
<td>45</td>
<td>25</td>
</tr>
<tr>
<td>4.</td>
<td>Your firm’s strategies have been effective at aiding it to adapt to globalization</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>67</td>
<td>29</td>
</tr>
<tr>
<td>5.</td>
<td>There are increasing opportunities related to globalization that local firms can exploit</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>6.</td>
<td>Globalization has led to increased growth and revenues for your firm</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>55</td>
<td>44</td>
</tr>
<tr>
<td>7.</td>
<td>In your opinion, firm’s that embrace globalization are highly successful in the local market</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>53</td>
<td>47</td>
</tr>
<tr>
<td>8.</td>
<td>Your organization has exploited opportunities related to globalization</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>74</td>
<td>26</td>
</tr>
<tr>
<td>9.</td>
<td>Your firm has used or offered some form of Outsourcing services, to a foreign firm</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>68</td>
<td>32</td>
</tr>
<tr>
<td>10.</td>
<td>Your organization has hired the services of specialized foreign labor</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>11.</td>
<td>Globalization has led to increased investments and financing from foreign firms such as banks, that have been beneficial to your organization/</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>42</td>
<td>58</td>
</tr>
<tr>
<td>12.</td>
<td>Globalization has given local employees additional employment opportunities/</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>13.</td>
<td>Globalization has led to the government improving infrastructure vital to your organization/</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>66</td>
<td>34</td>
</tr>
<tr>
<td>14.</td>
<td>Globalization has led to your firm gaining access to new technologies that have given it a strategic edge/</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>74</td>
<td>26</td>
</tr>
<tr>
<td>15.</td>
<td>Firms that do not globalize are likely to survive/</td>
<td>44</td>
<td>18</td>
<td>10</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>16.</td>
<td>Globalization has led to more positive than negative impacts to the local business environment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>67</td>
<td>33</td>
</tr>
</tbody>
</table>
4.4.2 Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

The first question under this specific objective asked the respondent if they acknowledged the existence of foreign firms or competitors in the local business environment. Most respondents agreed (74 percent) while 23 percent highly agreed. When asked however if foreign firms posed a threat to the firm’s future survival, answers were mixed. 30 percent agreed, 23 percent remained neutral, 22 percent disagreed, 16 percent highly agreed, while 8 percent highly disagreed. When presented with the statement that barriers to entry into the firm’s industry are relatively low for foreign firms, most agreed with the statement. 64 percent agreed, 29 percent highly agreed, while 7 percent remained neutral.

Most respondents agreed with the statement that cultural knowledge of the local market is a unique competitive advantage possessed by local firms against foreign ones. 56 percent agreed, 30 percent highly agreed, 12 percent remained neutral, while 1 percent disagreed with the statement. Most respondents also agreed with the statement that the organization had developed local marketing strategies that had enhanced its local revenues. 62 percent agreed, 34 percent highly agreed, while 4 percent remained neutral. Most respondents agreed when asked whether the firm’s perceived localness gave it a competitive advantage over foreign firms in the market. 79 percent agreed, 16 percent highly agreed, while 4 percent remained neutral. However, when asked whether the firm was highly innovative in forging unique strategies against the effects of foreign competition, respondents gave mixed responses. 19 percent highly disagreed, 23 percent disagreed, 14 percent remained neutral, 18 percent agreed, while 26 percent highly agreed.

Generally, most participants agreed with the statement that the government supports local firms in aiding them against foreign competitive pressures. 52 percent agreed, 38 percent highly agreed, while 10 percent remained neutral. When asked whether the firm lobbies government as a strategy of handling foreign competition pressures, most participants generally agreed. 34 percent highly agreed, 36 percent agreed, 26 percent remained neutral, while 4 percent disagreed.

Finally, most respondents agreed with the statement that the firm had developed a strategic alliance with one or more local firms as a measure of countering the effects of foreign
59 percent agreed, while 41 percent highly agreed. Most also agreed with the statement that trade associations had been effective in promoting the firm’s interests against the effects of foreign competition. 63 percent agreed, 36 percent highly agreed, while 1 percent remained neutral.
Table 4.7: Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

<table>
<thead>
<tr>
<th></th>
<th>Highly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Highly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There are foreign firms or competitors in your business environment</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>74</td>
<td>23</td>
</tr>
<tr>
<td>2. Competition from foreign firms poses a threat to your firm’s future survival</td>
<td>8</td>
<td>22</td>
<td>23</td>
<td>30</td>
<td>16</td>
</tr>
<tr>
<td>3. The government supports local firms in aiding them against competitive pressures from foreign firms</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>52</td>
<td>38</td>
</tr>
<tr>
<td>4. Barriers to entry in your industry are relatively low for foreign firms</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>64</td>
<td>29</td>
</tr>
<tr>
<td>5. Cultural knowledge of your market is a unique competitive advantage against foreign firms</td>
<td>0</td>
<td>1</td>
<td>12</td>
<td>56</td>
<td>30</td>
</tr>
<tr>
<td>6. Your firm is highly innovative in forging unique strategies against the effects of foreign competition</td>
<td>19</td>
<td>23</td>
<td>14</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>7. Your firm lobbies the government as a strategy of handling foreign competition pressures.</td>
<td>0</td>
<td>4</td>
<td>26</td>
<td>36</td>
<td>34</td>
</tr>
<tr>
<td>8. Your firm’s perceived localness gives it a competitive advantage over foreign firms in the market</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>79</td>
<td>16</td>
</tr>
<tr>
<td>9. Your organization has developed local marketing strategies that have enhanced its revenues in the local market</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>62</td>
<td>34</td>
</tr>
<tr>
<td>10. Your firm has developed a strategic alliance with one or more local firms as a measure of countering the effects of foreign competition</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>11. Trade associations have been effective in promoting your firm's interests against the effects of foreign competition</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>63</td>
<td>36</td>
</tr>
</tbody>
</table>
4.4.3 International market entry strategies for local firms

When asked whether their firm had an adequate global strategy, respondents generally agreed. 71 percent agreed, 14 percent highly agreed, 11 percent remained neutral while 4 percent disagreed. Respondents mainly agreed when asked whether the firm’s assets and strengths can be easily transferred and applied abroad. 59 percent agreed, 33 percent highly agreed, while 8 percent remained neutral.

Respondents agreed with the statement that globalization had let to the firm expanding into foreign markets. 50 percent agreed, 49 percent highly agreed, while 1 percent remained neutral. The response rate was similar to the statement that the firm had expanded into foreign countries in response to globalization pressures. 51 percent agreed, 47 percent highly agreed, while 3 percent remained neutral. Most participants agreed when asked whether the firm had exported its services to foreign markets as a strategy of accessing that market. 62 percent agreed while 38 percent highly agreed. Most respondents also agreed with the statement that the firm had licensed or franchised its valuation services in foreign markets. 82 percent agreed, 12 percent highly agreed, while 5 percent remained neutral.

When asked whether the firm had entered into at least one strategic alliance or partnership with a foreign firm, as a means of penetrating a foreign market; most participants agreed. 63 percent agreed, 37 percent highly agreed. The responses were almost similar when respondents were asked if the firm had developed a joint venture partnership with a foreign firm, in a foreign country. 67 percent agreed, 29 percent highly agreed, 1 percent remained neutral, 1 percent disagreed and 1 percent highly disagreed. Most participants also agreed when asked if strategic alliances and joint venture partnerships (if any) had brought the firm competitive advantages in the foreign market. 52 percent agreed, 44 percent highly agreed, while 4 percent remained neutral.

When asked whether the firm had set up foreign operations through direct investments in another country, most respondents agreed. 60 percent agreed, while 40 percent highly agreed. When asked if local performance of the firm had been significantly improved as a result of having foreign operations, most agreed (66 percent), while 34 percent highly agreed.
Table 4.8: International market entry strategies for local firms

<table>
<thead>
<tr>
<th></th>
<th>Highly Disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Highly Agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Your firm has an adequate global strategy</td>
<td>0</td>
<td>4</td>
<td>11</td>
<td>71</td>
<td>14</td>
</tr>
<tr>
<td>2. Your firm's assets and strengths can be easily transferred and applied abroad</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>59</td>
<td>33</td>
</tr>
<tr>
<td>3. Globalization has led to your firm expanding into foreign markets</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>4. Your firm has expanded into foreign countries in response to globalization pressures</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>51</td>
<td>47</td>
</tr>
<tr>
<td>5. Your firm has exported its services in foreign markets as a strategy to accessing that market</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>6. Your firm licensed or franchised its services in foreign markets</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>82</td>
<td>12</td>
</tr>
<tr>
<td>7. Your firm has entered into at least one Strategic Alliance or partnership with a foreign firm as a means of entering a foreign market</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>63</td>
<td>37</td>
</tr>
<tr>
<td>8. Your firm has developed a joint venture in a foreign country, with a foreign firm</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>67</td>
<td>29</td>
</tr>
<tr>
<td>9. Strategic Alliances or partnerships (if any) have brought your firm competitive advantage in the foreign market</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>52</td>
<td>44</td>
</tr>
<tr>
<td>10. Your firm has set up foreign operations through direct investments in another country</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>11. Your firm’s local performance has been significantly improved as a result of having foreign operations</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>66</td>
<td>34</td>
</tr>
</tbody>
</table>
4.4.4 Measures of Central Tendency

Central Tendency according to Kothari (2009) are the middle values or clusters of data in a statistical distribution. Measures of Central Tendency include Mean, Mode, Median, Standard deviation, Variance, Range, Minimum and Maximum. The Mean is the average value, or the sum of all values divided by the total number of figures. The Mode is the figure with the highest frequency or the value being repeated most number of times. The Median is the absolute middle value in the distribution. The Standard deviation is the statistical dispersion of data from the Mean. The Variance is the average of the squared differences of each value, from the Mean. Range is the difference between the largest and smallest values in the set of data. The Minimum is the smallest value in the data set. The Maximum is the largest value in the data set.

Table 4.9 show measures of central tendency for section 2, which dealt with the impact of globalization on local firms. Most of the means lied in the range of four, With the exception of question 3 with a mean of 3.88 and question 15 with a mean of 2.4. Most of the median scores lied in the range of 4, with the exception of question 11, 12 and 15 with median scores of 5, 5 and 2 respectively. The most frequent response or mode was 4. The standard deviation scores were varied, lying between in the range of 0.3 and 1.0. The variance was also varied, lying between 0.1 and 0.7. The most common maximum value was 5, while the most common minimum value was 4.
Table 4.9: The Effects of globalization on Local firm competitiveness

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
<th>Q14</th>
<th>Q15</th>
<th>Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median</strong></td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>5.00</td>
<td>5.00</td>
<td>4.00</td>
<td>4.00</td>
<td>2.00</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Mode</strong></td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>5.00</td>
<td>5.00</td>
<td>4.00</td>
<td>4.00</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Std. Deviation</strong></td>
<td>.39643</td>
<td>.57636</td>
<td>.86515</td>
<td>.52124</td>
<td>.40685</td>
<td>.57338</td>
<td>.50228</td>
<td>.44182</td>
<td>.46776</td>
<td>.41655</td>
<td>.49771</td>
<td>.50114</td>
<td>.47782</td>
<td>.44182</td>
<td>1.54326</td>
<td>.47302</td>
</tr>
<tr>
<td><strong>Variance</strong></td>
<td>.157</td>
<td>.332</td>
<td>.748</td>
<td>.272</td>
<td>.166</td>
<td>.329</td>
<td>.252</td>
<td>.195</td>
<td>.219</td>
<td>.174</td>
<td>.248</td>
<td>.251</td>
<td>.228</td>
<td>.195</td>
<td>2.39</td>
<td>.224</td>
</tr>
<tr>
<td><strong>Range</strong></td>
<td>1.00</td>
<td>2.00</td>
<td>3.00</td>
<td>2.00</td>
<td>1.00</td>
<td>3.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>4.00</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Minimum</strong></td>
<td>4.00</td>
<td>3.00</td>
<td>2.00</td>
<td>3.00</td>
<td>4.00</td>
<td>2.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
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<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>
Table 4.10 showed the measures of central tendency of section 3, which showed the responses of how local firms compete with foreign ones. The means scores were mostly in the range of 4, with the exception of question 2 which had a score of 3.25. The median scores were mostly 4. Modal scores were also mostly 4 with the exception of question 6 with a score of 5. Standard deviation were varied and in the range of 0.4 to 1.5. Variance were also varied, in the range of 0.2 to 2.2. The ranges were between 2.0 and 4.0. The minimum values were 1 while the maximum values were 5.

Table 4.10: Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.21</td>
<td>3.25</td>
<td>4.29</td>
<td>4.22</td>
<td>4.15</td>
<td>3.08</td>
<td>4.00</td>
<td>4.12</td>
<td>4.30</td>
<td>4.41</td>
<td>4.34</td>
</tr>
<tr>
<td>Median</td>
<td>4.00</td>
<td>3.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>3.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Mode</td>
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<td>4.00</td>
<td>4.00</td>
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<td>4.00</td>
<td>5.00</td>
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<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.47019</td>
<td>1.21084</td>
<td>.63420</td>
<td>.55893</td>
<td>.68051</td>
<td>1.49772</td>
<td>.88192</td>
<td>.43923</td>
<td>.54480</td>
<td>.49541</td>
<td>.50605</td>
</tr>
<tr>
<td>Variance</td>
<td>.221</td>
<td>1.466</td>
<td>.402</td>
<td>.312</td>
<td>.463</td>
<td>2.243</td>
<td>.778</td>
<td>.193</td>
<td>.297</td>
<td>.245</td>
<td>.256</td>
</tr>
<tr>
<td>Range</td>
<td>2.00</td>
<td>4.00</td>
<td>2.00</td>
<td>2.00</td>
<td>3.00</td>
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<td>3.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Minimum</td>
<td>3.00</td>
<td>1.00</td>
<td>3.00</td>
<td>3.00</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
<td>3.00</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Maximum</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

Table 4.11 analyzes the measures of central tendency of section 4, which showed the responses to how local firms enter international markets. The means were all in the range of 4. The median and modal scores were all 4. The standard deviation scores were all between 0.4 and 0.7. The variance were between 0.1 and 0.5. The range were between 1 and 4. The most common minimum value was 3, while the most common maximum value was 5.
Table 4.11: International market entry strategies for local firms

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
</tr>
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<tbody>
<tr>
<td>Mean</td>
<td>3.95</td>
<td>4.25</td>
<td>4.48</td>
<td>4.44</td>
<td>4.38</td>
<td>4.07</td>
<td>4.37</td>
<td>4.21</td>
<td>4.40</td>
<td>4.40</td>
<td>4.34</td>
</tr>
<tr>
<td>Median</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
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<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Mode</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
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<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.64313</td>
<td>.59584</td>
<td>.52993</td>
<td>.55243</td>
<td>.48962</td>
<td>.41928</td>
<td>.48611</td>
<td>.66581</td>
<td>.57105</td>
<td>.49272</td>
<td>.47782</td>
</tr>
<tr>
<td>Variance</td>
<td>.414</td>
<td>.355</td>
<td>.281</td>
<td>.305</td>
<td>.240</td>
<td>.176</td>
<td>.236</td>
<td>.443</td>
<td>.326</td>
<td>.243</td>
<td>.228</td>
</tr>
<tr>
<td>Range</td>
<td>3.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
<td>1.00</td>
<td>4.00</td>
<td>2.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Minimum</td>
<td>2.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>4.00</td>
<td>3.00</td>
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<tr>
<td>Maximum</td>
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<td>5.00</td>
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<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
</tbody>
</table>

a. Multiple modes exist. The smallest value is shown.

Table 4.12 shows the variable descriptive statistics, giving the mean, standard deviation and significance (N) of the variables. The globalization impact variable had a mean score of 4.19 and a standard deviation of 0.396. The foreign competition variable had a mean score of 3.25 and a standard deviation of 1.21. The global strategy variable had a mean score of 4.48 and a standard deviation of 0.53. All variables had a statistical significance ‘N’ of 90% or 0.9.

Table 4.12: Descriptive Statistics for Variables

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization Impact</td>
<td>4.1918</td>
<td>.39643</td>
<td>90</td>
</tr>
<tr>
<td>Foreign Competition</td>
<td>3.2466</td>
<td>1.21084</td>
<td>90</td>
</tr>
<tr>
<td>Global Strategy</td>
<td>4.4795</td>
<td>.52993</td>
<td>90</td>
</tr>
</tbody>
</table>
4.4.5 Reliability Analysis

According to Cooper and Schindler (2014) reliability is the extent to which data supplies accurate results. It is the aggregate consistency of the values in a scale. The Model used is the Chronbach’s Alpha or the tau equivalent reliability. The Chronbach’s Alpha score is derived by getting the total number of objects in the data set, getting the average covariance between object pairs, and then finding the variance of the resultant score. The test was developed by Lee Chronbach in 1951. According to Mugenda and Mugenda (2003), a Chronbach’s Alpha score of above 0.7 signifies acceptable internal consistency, while a score of above 0.8 signifies good internal consistency.

\[
\alpha = \left( \frac{K}{K-1} \right) \left( 1 - \frac{\sum V_i}{V_T} \right)
\]

K= Number of items
V= Variance

Table 4.13: Chronbach’s Alpha

<table>
<thead>
<tr>
<th>SECTION</th>
<th>NUMBER OF ITEMS</th>
<th>CHRONBACH'S ALPHA SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>16</td>
<td>0.772</td>
</tr>
<tr>
<td>3</td>
<td>11</td>
<td>0.841</td>
</tr>
<tr>
<td>4</td>
<td>11</td>
<td>0.773</td>
</tr>
</tbody>
</table>

4.5 Inferential Analysis

The section below covers the inferential analysis of the data collected. Inferential statistics seeks to draw information or inferences from populations using data drawn from that population. A Correlation analysis was conducted. The study used the Pearson’s Product Moment Correlation Coefficient.
4.5.1 Correlation Analysis

Correlation is a mutual interdependence between two variables, indicative of a relationship. One variable is independent, while the other is dependent. The independent variable influences the outcome of the dependent variable.

The research uses a bivariate correlation analysis in which only two variables are analyzed at a time. It uses the Pearson Product Moment Correlation Coefficient or Pearson’s R model developed by Karl Pearson. The Pearson Correlation Coefficient analyses the linear correlation between two variables.

\[ r_p = \frac{n\sum xy - \sum x \sum y}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}} \]

n = Number of samples
x = Dependent variable
y = independent variable

According to Mugenda and Mugenda (2003) weak positive correlation is signified by an R score between 0 and 0.3, moderate positive correlation by a score between 0.3 and 0.45, while strong positive correlation by a score above 0.45. With analyses using IBM SPSS software, a single asterisk (*) shows significant correlation at the 0.05 level, while a double asterisk (**) shows significant correlation at the 0.01 level. In the correlation Matrix, R coefficients with significant correlation have also been bolded.

Table 4.14 shows the correlation across variables. There was a significant moderate positive correlation between globalization impact and foreign competition (0.347). There was also a significant moderate positive correlation between globalization and global strategy (0.416). There was a weak but statistically significant positive correlation between the foreign competition variable and the global strategy variable (0.251).
Table 4.14: Correlation across variables

<table>
<thead>
<tr>
<th></th>
<th>Globalization Impact</th>
<th>Foreign Competition</th>
<th>Global Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization Impact Pearson Correlation</td>
<td>1</td>
<td>.347**</td>
<td>.416**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.035</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Foreign Competition Pearson Correlation</td>
<td>.347**</td>
<td>1</td>
<td>.251*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.035</td>
<td>.666</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Global Strategy Pearson Correlation</td>
<td>.416**</td>
<td>.251*</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.666</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).
4.6 Chapter Summary
The chapter provided an in-depth analysis of collected data. It first started with an introduction giving a background of the data analysis process. Next, it gave the response rate of the study. It then analyzed the general and demographic information of the participants, presenting the respondent gender, age, education level, position at the firm and years of service at the firm. Demographic information was presented in terms of pie charts, bar graphs and frequency tables. The chapter then analyzes the next major section, which is the descriptive analyses of research variables. This section provides the frequency distribution of responses of the second, third and fourth sections of the questionnaires, presenting them in percentages. Next, the chapter analyses the Measures of Central Tendency, providing the mean, mode, median, standard deviation variance range, minimum and maximum values of the data distribution, providing a table for each section. It then provides the reliability analysis or Chronbach’s Alpha test. The paper then analyses the inferential analysis of the research data. It provides a correlation analysis, utilizing the Pearson’s product moment correlation coefficient. It presents correlational data in the form of a correlation matrix tables. The next chapter, Chapter five, will tackle the discussion, conclusions and recommendations.
5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
Chapter five is categorized into five sections. These sections are the introduction, summary, discussion, conclusions and recommendations. The first section, the summary, provides a recap of all information in the chapters of the research thesis. All information provided is in relation to the research objectives, research methodology, data analyses, findings or results. The Discussion section provides an in depth analysis of the major discoveries of the research undertaking. It presents judgment of the results and compares them to information gathered in the literature review chapter. It is also structured according to the research questions or objectives. In the conclusion section, outcomes are drawn from the study findings. This is done in relation to the research objectives or questions. Finally, the last segment tackles the recommendations for implementation, practice, improvement or further research. This section is also heavily tied to the research questions or specific objectives.

5.2 Summary of the Study
The aim of the research was to analyze the effects of globalization on local firm competitiveness. The study used Regent Automobile Valuers and Assessors Ltd as a case study. The research used the following specific objectives or research questions. The first objective was, to analyze the effects or impact of globalization on local firm competitiveness. The second one was to examine how local firms compete with foreign ones in an increasingly globalized local environment. The third one was to examine how local firms enter international markets in today’s highly competitive and volatile international business environments.

The research utilized a descriptive research design in collecting data, analyzing it and interpreting results. A descriptive research design summarizes and presents the basic features of the data set (either a sample or a population census), and thus was necessary for the type of data being collected and analyzed. A population census was conducted on all 86 employees of Regent Automobile Valuers and Assessors Ltd Nairobi staff. Questionnaires
were utilized as the principal data collection tool. Data collected was primary and not from secondary sources. The structure of the questionnaire consisted of mainly closed ended questions. Data was collected over the duration of one week. 73 questionnaires were returned signifying a response rate of 84.9 percent which was sufficient for analysis.

Once data was collected, analysis commenced. Two data analysis tools were utilized. Raw data collected was input into both. The first was Microsoft Excel 2013 spreadsheet software, while the second and main tool was the IBM Statistical Package for the Social Sciences, Version 23. Both descriptive and inferential statistics were used to conduct data analysis and present data. Descriptive statistics were in the form of bar graphs, pie charts, frequency tables and measures of central tendency. Inferential statistics were in the form of a reliability analysis and correlation analysis.

Frequency distribution of answers were mainly positively skewed. The correlation analysis showed mainly moderate to strong positive correlation between research variables. This indicated that globalization does indeed have an impact on local firm competitiveness. Correlation across objectives showed mainly moderate positive correlation. The globalization impact variable had a moderate but statistically significant positive correlation with the foreign competition variable (0.347) and global strategy variable (0.416). This signifies two things. First, firms do view foreign competition as a major impact of globalization. Second, local firms which develop a global strategy, and thus wish to, or have expanded abroad, are motivated by globalization as a major factor. The Global strategy variable and the foreign competition variable showed weak but statistically significant positive correlation (0.251). This showed that foreign competition may be only one of multiple factors that motivate firms to expand into international markets.

5.3 Discussion

5.3.1 The Effects of globalization on Local Firm Competitiveness

The research showed that most respondents believe that globalization has had a significant impact on their firm’s competitiveness. This validates the null hypothesis that globalization indeed has an impact on local firm competitiveness. These findings mirror the entire first specific objective of the literature review that seeks to analyze the effects of globalization on
local firm competitiveness. Most respondents also believed that globalization had affected their firm in a positive way. This validates the positive impacts of globalization analyzed in the literature review. When asked whether there are increasing opportunities related to globalization that local firms can exploit, most agreed. This outcome is in line with the effect of increased economic growth. Grosse (2003) states that globalization leads to increasing business activities, thus economic growth. Increased economic growth is as a result of increasing business opportunities. Respondents also agreed with the statement that firms that embrace globalization are highly successful in the local market. Success would be attributed to the exploitation of increased foreign direct investment, economic growth, better infrastructure, technology access and knowledge exchange. Participants in the study highly agreed with the statement that globalization has led to increased investments and financing from foreign firms and financial institutions that have been beneficial to the organization. This mirrors the globalization effect of foreign direct investments. Slaughter and May (2013) agree with this statement and state that foreign direct investments come in the form of access to foreign loans, bailouts, financial advice and financial management assistance to private sector firms in developing nations. Such funding would be highly beneficial to medium sized firms such as Regent Automobile Valuers and Assessors Ltd. When asked whether globalization had led to improving infrastructure vital to the organization, most respondents agreed. This is in tandem with the literature review, in which improved infrastructure is a positive effect of globalization. Rugman and Collinson (2012) agree with the statement when they explain that when developing nations receive foreign direct investments from foreign firms, they pump the money into improving existing infrastructure such as roads, rail and telecommunication networks. Nations do this with an aim of attracting even more foreign direct investments. The result is improved infrastructure which benefits local firms. Most respondents also agreed with the statement that globalization has led to the firm gaining access to new technologies which have given it a strategic edge. Wild and Wild (2015) concur with the statement when they state that not only has technology been an impact, it has also been a major driver of globalization. Regent has greatly benefitted from technologies such as the internet and telecommunications networks which have made its operations highly efficient. The majority of respondents highly disagreed with the statement that firms that do not globalize are likely to survive into the future. The literature review also disagrees with this statement. It ascribes this to adverse competition which has been brought about by
5.3.2 Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

The first question under this specific objective asked the respondent if they acknowledged the existence of foreign firms or competitors in the local business environment. Most respondents agreed. This outcome is verified by the literature review in that a major impact of globalization to local firms has been the entry of foreign firms into the local business environment, thus more competition. When presented with the statement that barriers to entry into the firm’s industry are relatively low for foreign firms, most agreed. The literature review validates this outcome. According to Porter (1980), low barriers to entry attract new competitors into industries and markets. Globalization has made it easier for business organizations to enter foreign markets. It has thus accelerated the entry of foreign firms into markets, such as Kenya. Most respondents agreed with the statement that cultural knowledge of the local market is a unique competitive advantage possessed by local firms against foreign ones. This is in line with the literature review. According to Kippenberger (2000) cultural knowledge is the unique knowledge of a market’s culture that can only be possessed by firms originating from that market. Kippenberger agrees with the statement and explains that while local firms often cannot match the economic resources of foreign multinational
firms, they can compete by taking advantage of their innate knowledge of the local market culture. This competitive advantage goes hand in hand with local marketing strategies. Most respondents agreed with the statement that the organization had developed local marketing strategies that had enhanced its local revenues. In the literature review, Grosse (2003) agrees with the statement and explains that rather than importing marketing strategies from the developed world, marketing strategies should be developed locally, since locally developed marketing skills can be highly advantageous in the local market. Perceived localness or unique perceived value was another related competitive advantage possessed by local firms. Most respondents agreed when asked whether the firm’s perceived localness gave it a competitive advantage over foreign firms in the market. In the literature review, Kippenberger (2000) agrees and states that local firms may be perceived by the market as being familiar, comfortable and in certain cases superior. Local firms thus must deliver a unique mix of value, while preserving this perception. Generally, most participants agreed with the statement that the government supports local firms in aiding them against foreign competitive pressures. When asked whether the firm lobbies government as a strategy of handling foreign competitive pressures, most participants generally agreed. This outcome is in tandem with the literature review which states that seeking government support can be an effective strategy against foreign competition. Kippenberger (2000) agrees and explains that government support can help local firms develop an environment that can support them in terms of public policy, civil action, and regulation thus giving them a competitive advantage against foreign firms. Through lobbying, local firms can influence and push for government policies and regulations that protects them against foreign competition. Finally, most respondents agreed with the statement that the firm had developed a strategic alliance with one or more local firms as a measure of countering the effects of foreign competition. Most also agreed with the statement that trade associations had been effective in promoting the firm’s interests against the effects of foreign competition. Veliyath and Brouthers (2010) agree and explain that local companies minimize the threat of extinction by entering into strategic alliances with other local firms. They may find that by forming mutual alliances, their combined strengths may increase barriers to market entry and counter foreign competition. Trade alliances can be considered group strategic alliances and thus are highly beneficial to local firms. In the correlation analysis, there was a moderate and statistically significant positive correlation between foreign competition and globalization impact.
There was a weak but statistically significant positive correlation between foreign competition and global strategy (0.251). This shows that firms do view foreign competition as being accelerated by globalization. It also shows that a firm’s decision to expand to foreign markets may be to a small extent influenced by the existence of foreign competition in its local market.

5.3.3 International market entry strategies for local firms

When asked whether their firm had an adequate global strategy, respondents generally agreed. This reveals that the firm may indeed have an adequate global strategy. Pierce and Robinson (2012) state that firms wishing to globalize need to have an adequate global strategy. Respondents mainly agreed when asked whether the firm’s assets and strengths can be easily transferred and applied abroad. Dawar and Frost (1999) state that the extent to which the firm’s competitive advantages are transferrable in international markets enables them to know how well they are positioned to expand into foreign territories.

Respondents agreed with the statement that globalization had let to the firm expanding into foreign markets. The response rate was similar to the statement that the firm had expanded into foreign countries in response to globalization pressures. In the literature review, both Pierce and Robinson (2012) and Dawar and Frost (1999) agree that globalization and globalization pressures are major factors that push firms to enter international markets.

Most participants agreed when asked whether the firm had exported its services to foreign markets as a strategy of accessing that market. In the literature review, this validates exporting as a viable market entry strategy. Twarowska and Kakol (2013) agree with the statement and explain that exporting is normally the first and most basic strategy that firms use to expand into foreign markets. Most respondents also agreed with the statement that the firm had licensed or franchised its valuation services in foreign markets. Twarowska and Kakol (2013) agree that both licensing and franchising are viable strategies for entering foreign markets.

When asked whether the firm had entered into at least one strategic alliance or partnership with a foreign firm, as a means of penetrating a foreign market; most participants agreed. The responses were almost similar when respondents were asked if the firm had developed a joint
venture partnership with a foreign firm, in a foreign country. Most participants also agreed when asked if strategic alliances and joint venture partnerships (if any) had brought the firm competitive advantages in the foreign market. These responses mirror the literature review content. Pierce and Robinson (2012) concur with the statements and explain that such alliances can help firms gain footing in a foreign markets.

When asked whether the firm had set up foreign operations through direct investments in another country, most respondents agreed. This is in tandem with the literature review which analyses direct investments as a foreign market expansion strategy. Twarowska and Kakol (2013) agree and state that many firms may prefer the direct investments strategy since it grants them 100 percent ownership of the operations. When asked if local performance of the firm had been significantly improved as a result of having foreign operations, most agreed. This validated the effectiveness of foreign market entry strategies, and the benefits to be gained by entering international markets.

Global strategy showed significant moderate positive correlation with globalization impact (0.416). Global strategy showed weak but statistically significant positive correlation with foreign competition (0.251). This can be interpreted as stating that globalization impact is a major factor influencing expansion into international markets; while foreign competition is a minor but somewhat significant factor influencing expansion into foreign markets.

5.4 Conclusions

5.4.1 The Effects of Globalization on local firm competitiveness

The research concluded that globalization has a massive impact on the competitiveness of local firms not just in relation to other local firms, but also in relation to foreign firms penetrating the local market. The study also concluded that globalization drives local firm competitiveness, increases local market competition and motivates local firms to expand into foreign territories. Globalization was found to have greatly exacerbated the intensity of local markets after the period of massive economic deregulation and liberalization in the 1990s. Positive effects such as the increase in foreign direct investments, economic growth and infrastructure spending had greatly benefitted local firms and increased their competitiveness. Greater access to foreign technologies, skilled labor and techniques had
given local businesses a strategic edge. On the other hand, negative factors such as adverse competition had driven many businesses to extinction. Negative effects such as environmental impact, political instability and repatriation of profits not only affected local businesses but the entire local business ecosystem. It was concluded that globalization increases foreign competition. Globalization is also a major factor that motivates firms to expand into foreign markets.

5.4.2 Competitive strategies for local firms against foreign firms in an increasingly globalized local environment

The research concluded that local firms can indeed successfully compete with (and even dislodge) foreign ones in the local business environment. This is in spite of the fact that foreign firms entering local markets usually had more resources than incumbent local firms. It was discovered that the more competitive a market was, the more unattractive it was for foreign firms wishing to penetrate it, since they had to overcome more hurdles in gaining market access. Also, the more the competitors in a market, the less the potential revenues. Barriers to entry in the Kenyan market were discovered to be low. Foreign firms could thus easily penetrate the market. This meant that local Kenyan firms were vulnerable to adverse competition brought about by foreign firms.

The study also concluded that foreign competition in the local market is greatly accelerated by globalization. It is also has a minor influence on a local firm’s decision to expand into foreign markets.

5.4.3 International market entry strategies for local firms

The study concluded that local firms could successfully enter international markets despite an increasingly hostile, competitive and volatile international business environment. They did this to adapt and take advantage of globalization. The main reason for expanding into foreign markets was discovered to be growth in scope. Local firms from emerging markets possessed certain unique competitive advantages when venturing into foreign markets. These included lower production costs and the ability to serve hard to reach market segments. It was also
discovered that local firms entering foreign firms usually first expanded into foreign markets
that had similar conditions to their home markets. Globalization pressures and whether the
firm’s strengths and assets are transferrable to foreign markets; played a large role in
motivating local firms to internationalize. Foreign competition is one of the factors (albeit a
minor one) that influences local firms to expand into foreign territories.

5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 The Effect of Globalization of local firm competitiveness

It is recommended from the study that local firms in emerging markets need to analyze the
effects of globalization on their competitiveness and their business environments. Their
business environments include their industries and their markets. Using tools such as the
SWOT analysis or Strengths, Weaknesses, Opportunities and Threats framework, firms
should analyze which effects provide opportunities and which pose threats to their existence.
In doing this, firms can better position themselves to respond to the effects of globalization,
and successfully adapt to or exploit them.

5.5.1.2 Competitive strategies for local firms against foreign firms in an increasingly
globalized local environment

The research recommends that firms conduct industry analyses and map out potential foreign
competitive threats. They can do this by using a variety of tools, one of the most effective
being the Porter’s Five Forces framework. By doing this they would be able to position
themselves, in terms of competitiveness, in their local industries. They would do this with
regards to competitive threats both local and foreign. The research also recommends that
local firms analyze and exploit special competitive advantages that they possess and foreign
firms do not. These are unique perceived value by customers, cultural capital and enhanced
targeting and positioning ability. Local firms should then adopt a set of strategies that include
generating unique innovation, having a local and global vision, developing local marketing
skills, forming local strategic alliances and winning government support.
5.5.1.3 International market entry strategies for local firms

The research recommends that firms desiring to expand into foreign markets first and foremost craft an adequate global strategy. The global strategy should be crafted by a strategist at the firm’s managerial level with a thorough understanding of the firm, and international market dynamics. This would most likely be the Chief Executive Officer. If such a professional is unavailable internally, the firm should enlist the help of a strategy consultant with a deep knowledge of international markets.

The study recommends that firms with a desire to internationalize analyze the pressure to globalize in the local market. They should also analyze which of their assets and strengths can be easily leveraged in foreign markets. The firms should position their ability to expand into foreign markets. They can do this by using the dodger-contender-defender-extender framework. Finally, they need to select appropriate market entry strategies based on their strengths and weaknesses. These include exporting, licensing, franchising, joint ventures, strategic alliances or direct investments.

5.5.2 Recommendations for further studies

It is recommended that there should be further analysis on the effects of globalization on not just local medium sized firms such as Regent Automobile Valuers and Assessors; but also micro enterprises which form the bulk of local businesses in Kenya and other emerging markets. There needs to be further research on how micro enterprises are affected by globalization, and adapt to its pressures. Such research would develop recommendations on how micro enterprises can be better position themselves to exploit the positive effects of globalization, while adapting to the negative effects, thus growing into medium sized firms.
REFERENCES


UMBC Center for History Education. (2007). *Background on the Guatemalan Coup of 1954.* Baltimore: UMBC Center for History Education.


Dear Respondent,

My name is Steven Mwangi Muriithi. I am a graduate student at the United States International University, pursuing a Master of Business Administration. I am currently undertaking research on the effects of globalization on local firm competitiveness. This research will contribute towards completing my Master’s requirements. You have been invited to participate in this study.

The questionnaire will take approximately five to ten minutes. Please provide honest input. To protect your anonymity, please do not include your name. A copy of the research and its findings will be presented, on request, after the research is complete. I would wish to express my sincere gratitude, for you taking your time to provide me with assistance. Thank you.

Yours sincerely,

Steven Mwangi Muriithi
APPENDIX 2: QUESTIONNAIRE

Section 1: General Information

1. What is your gender?
   A. Male ( )
   B. Female ( )

2. What is your age?
   A. 18 - 30 ( )
   B. 31 – 40 ( )
   C. 41 – 50 ( )
   D. Above 51 ( )

3. What is your education level?
   A. Primary certificate ( )
   B. Secondary certificate ( )
   C. Bachelor’s degree ( )
   D. Master’s degree ( )
   E. Doctorate ( )
   F. Other (Please specify)__________________

4. What is your position at the company?
   A. Management ( )
   B. Senior Staff ( )
   C. Junior Staff ( )
   D. Other (Please specify)__________________

5. How many years have you worked at the company?
   A. 0 - 5 years ( )
   B. 6 - 10 years ( )
   C. 11 – 20 years ( )
   D. 21 – 30 years ( )
   E. Over 31 years ( )
### Section 2: Impact of Globalization on Local Firms

(1) Highly Disagree (2) Disagree (3) Neutral/Uncertain (4) Agree (5) Highly Agree

<table>
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<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td>17.</td>
<td>Globalization has had a significant impact on your firm</td>
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<td>18.</td>
<td>Globalization has affected your firm in a positive way</td>
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<td>19.</td>
<td>Your firm is adequately equipped to handle globalization</td>
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<td></td>
<td>pressures</td>
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<td>20.</td>
<td>Your firm’s strategies have been effective at aiding it to</td>
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<td></td>
<td>adapt to globalization</td>
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<td>21.</td>
<td>There are increasing opportunities related to globalization</td>
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<td></td>
<td>that local firms can exploit</td>
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<td>22.</td>
<td>Globalization has led to increased growth and revenues for your</td>
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<td></td>
<td>firm</td>
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<td>23.</td>
<td>In your opinion, firm’s that embrace globalization are highly</td>
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<td></td>
<td>successful in the local market</td>
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<td>24.</td>
<td>Your organization has exploited opportunities related to</td>
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<td></td>
<td>globalization</td>
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<td>25.</td>
<td>Your firm has used or offered some form of Outsourcing services,</td>
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<td></td>
<td>to a foreign firm</td>
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<td>26.</td>
<td>Your organization has hired the services of specialized foreign</td>
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<td></td>
<td>labor</td>
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<td>27.</td>
<td>Globalization has led to increased investments and financing</td>
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<td></td>
<td>from foreign firms such as banks, that have been beneficial to</td>
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<td></td>
<td>your organization</td>
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<td>28.</td>
<td>Globalization has given local employees additional employment</td>
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<td></td>
<td>opportunities</td>
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<td>29.</td>
<td>Globalization has led to the government improving infrastructure</td>
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<td></td>
<td>vital to your organization</td>
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<td>30.</td>
<td>Globalization has led to your firm gaining access to new</td>
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<td></td>
<td>technologies that have given it a strategic edge</td>
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<td>31.</td>
<td>Firms that do not globalize are likely to survive</td>
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<td>32.</td>
<td>Globalization has led to more positive than negative impacts to</td>
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<td></td>
<td>the local business environment</td>
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</table>
33. Which are some of the ways in which globalization has affected your firm’s performance

Section 3: How local firms compete with foreign ones in an increasingly globalized local environment

(1) Highly Disagree (2) Disagree (3) Neutral/Uncertain (4) Agree (5) Highly Agree

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<tbody>
<tr>
<td>1.</td>
<td>There are foreign firms or competitors in your business environment</td>
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<td>2.</td>
<td>Competition from foreign firms poses a threat to your firm’s future survival</td>
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<td>3.</td>
<td>The government supports local firms in aiding them against competitive pressures from foreign firms</td>
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<td>4.</td>
<td>Barriers to entry in your industry are relatively low for foreign firms</td>
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<td>5.</td>
<td>Cultural knowledge of your market is a unique competitive advantage against foreign firms</td>
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<td>6.</td>
<td>Your firm is highly innovative in forging unique strategies against the effects of foreign competition</td>
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<td>7.</td>
<td>Your firm lobbies the government as a strategy of handling foreign competition pressures.</td>
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<td>8.</td>
<td>Your firm’s perceived localness gives it a competitive advantage over foreign firms in the market</td>
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<td>9.</td>
<td>Your organization has developed local marketing strategies that have enhanced its revenues in the local market</td>
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<td>10.</td>
<td>Your firm has developed a strategic alliance with one or more local firms as a measure of countering the effects of foreign competition</td>
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<td>11.</td>
<td>Trade associations have been effective in promoting your firm's interests against the effects of foreign competition</td>
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</table>
12. Which are some of the local strategies that your firm uses to compete against foreign firms?

Section 4: How Local firms enter International Markets

Highly Disagree (2) Disagree (3) Neutral/Uncertain (4) Agree (5) Highly Agree

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<tbody>
<tr>
<td>12.</td>
<td>Your firm has an adequate global strategy /</td>
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<td>13.</td>
<td>Your firm’s assets and strengths can be easily transferred and applied abroad</td>
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<td>14.</td>
<td>Globalization has led to your firm expanding into foreign markets</td>
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<td>15.</td>
<td>Your firm has expanded into foreign countries in response to globalization pressures</td>
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<td>16.</td>
<td>Your firm has exported its services in foreign markets as a strategy to accessing that market /</td>
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<td>17.</td>
<td>Your firm licensed or franchised its services in foreign markets</td>
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<td>18.</td>
<td>Your firm has entered into at least one Strategic Alliance or partnership with a foreign firm as a means of entering a foreign market</td>
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<td>19.</td>
<td>Your firm has developed a joint venture in a foreign country, with a foreign firm</td>
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<td>20.</td>
<td>Strategic Alliances or partnerships (if any) have brought your firm competitive advantage in the foreign market</td>
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<td>21.</td>
<td>Your firm has set up foreign operations through direct investments in another country</td>
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<td>22.</td>
<td>Your firm’s local performance has been significantly improved as a result of having foreign operations</td>
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</tbody>
</table>
23. Which are some of the strategies that your firm used to expand into foreign markets?

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Thank You