LOCALIZATION AS A STRATEGIC TOOL FOR MULTINATIONALS IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2015
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A Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2015
STUDENT’S DECLARATION

I declare that this research project is my original work and has not been previously published or presented for the award of a degree in any university.

Signed…………………………….. Date……………………

Sylvia K. Ng’ethe (ID No. 635642)

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

Signed…………………………….. Date……………………

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Signed…………………………….. Date……………………

Deputy Vice Chancellor, Academic Affairs
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ABSTRACT

The main objective of this study was to assess the role of localization as a strategic tool for Multinationals in Kenya. The study followed a descriptive research design and was guided by the following specific objectives; to establish how MNCs have localized their strategies to adapt to Kenyan market, to articulate the strategic benefits and demerits of Kenyan MNC’s localization, and to establish the effect of localization to MNC’s overall performance. The study targeted 50 MNCs operating in Kenya. The data was collected by way of self-administered structured questionnaires targeted on operation managers. Forty six completed questionnaires were collected. Data was organized in excel spreadsheets and analyzed using SPSS.

Regarding how MNCs have localized their strategies to adapt to the Kenyan market the study results revealed that most MNCs do majorly consider local politics and laws and to some extent and have ignored local cultures and languages. The localizing MNCs makes a comparison of product specifications with local requirements, seeks local advice through local officers and partner companies, packages their products to meet local consumer needs, makes product documentation in one local dialect, outsources localization specialists to guide their localization strategies, and employs local officers in most positions with some key positions held by foreign officers.

Concerning the strategic benefits and demerits of MNC’s localization in Kenya the study established that localization has more benefits than demerits. The major reason is that it helps customers to identify with the company and its products. Also, findings revealed that localization gives local subsidiary brand control and compliance to access marketing opportunities. This leads to improvement of channel engagement and increased revenues. It also helps the MNC to be locally relevant a factor that enhances sales and longevity in the market in the long-run. However, local customers are often too demanding. Also, localization takes a lot of resources. Furthermore, it is often hard to get competent localization professionals with high technical, language and project management
competencies. Sometimes, the costs of localization outweigh the benefits especially if localization strategy is poorly implemented.

Regarding the effect of localization to MNC’s overall performance, the study established that localization enhances performance because localization helps to meet target customer’s needs. Additionally, it enhances ties with local distribution channel members, hence better financial results. Also, localization enhances overall cost reduction, optimizes on overall company asset utilization, helps attain revenue targets, and enhances corporate brand image and value in the local market. However, regression analysis revealed a very weak positive relationship between localization and overall MNC performance. The study recommends that future study should focus on specific factors that MNCs localizing in Kenya should consider to ensure successful localization. To this end, the study concludes that multinational companies in Kenya should localize their strategies and products much further in order to enjoy the benefits associated with localization as noted above. However, they should carefully manage costs associated with localization so as to ensure that the costs do not exceed the benefits.
ACKNOWLEDGEMENT

I acknowledge my organization for supporting my pursuit of the MBA program through flexi time.
DEDICATION

To my family; for their financial and moral support.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of Study

This chapter seeks to introduce the purpose of the study, it highlights the background of the problem by reporting findings in previous studies, and statement of the problem discusses the knowledge gap that the research will fill. The general objectives will address the main research objective while the specific objectives will narrow down the general objectives. The importance of the study will be captured in this chapter, highlighting the significance of the study to key stakeholders; the scope of the study will address the limitations the researcher will encounter and finally, definition of terminologies and concepts to be used in the context of the study.

Technological advancements, opening up of national boarders for trade, and increased commercial competitiveness at home markets, have not only encouraged international trade (Cullen and Parboteeah, 2010) but also encouraged corporations to penetrate foreign markets. Business organizations first begin at home and after the investments have fully grown and exploited the local market, the organization expands globally so as to gain an international market share, increase its revenues and hope for more chances of survival (Ramamurti, 2009). However, this comes with many challenges especially the perverse problem of managing; now a larger organization in dispersed geographical locations with different local cultures and expectations (Rasiah, 2008).

In their bid to manage the globalized business entity, most organizations adopt the localization strategy in order to meet the specific demands of different markets (Dalgic, 2006). Generally, the challenge at hand for the organization is the need to provide appropriately localized products, yet maintain competitively improved products even in the long-run, in a market full of competition (Dunne, 2006). Despite the challenges, Doole and Lowe (2008) posit that internationalization of commercial entities has grown over the years and is bound to increase as home markets and inputs become depleted each day.
Essentially, business organizations should embrace localization as a strategy to ensure that they have a “local touch” in the local markets (Jabbour, 2011). Singh (2011) notes that many organizations have succeeded in foreign markets by applying localization strategy. With regards to multinationals, localization is the opposite of globalization whereby the multinational acknowledges national differences and becomes locally responsive so as to meet local demands. According to this perspective, national managers of multinationals should then be empowered to be responsive to specific local conditions (Bob & Ron, 2004).

There are many examples of organizations employing localization strategy in managing their international entities. Coca-Cola is one example. In the Chinese market, Coca-Cola resolved to change their iconic product name to something a little more consumer-friendly for the particular market. The company rebranded its name which translates into “delicious, able to enjoy,” – which is quite enticing to the Chinese consumers (Sajan, 2013). The company also opted to use Chinese characters to present a truly localized version of their logo (Sajan, 2013).

According to Lalwani et al., (2006) localization strategy has been practiced by different organizations over many years throughout the world. Localization strategy is inevitable as organizations establish their operations in an ever-changing global scene coupled with an increasing competition (Mbare, 2012). Within Kenya, companies such as Safaricom, Standard chartered bank, Airtel, Coca Cola, Pepsi and many others have obtained diverse benefits for their localization strategies.

The geographic location of Kenya is on the east coast of Africa and the country lies along the equator and it is bounded by Somalia, Ethiopia, Sudan, Uganda and Tanzania. Its population is composed of different tribal and racial groups with majority being the youth who are a ready market for goods and services. Kenya also has readily available labor for multinationals given the high levels of unemployment being experienced.
Kenya has over the years gone through heavy politics which is always ran along ethnic lines and this has served to be a threat to businesses especially during election times (Doole and Lowe, 2008). However, compared to countries surrounding it, Kenya has emerged as a global leader within the region as it’s known to be a peace harbor for conflict infected neighbors. For this reason, its economic growth is greater within the region despite the fact that it is still affected by calamities such as drought, diseases and corruption.

Over the years, Kenya has become an investment destination for many multinationals (Mbaire, 2012). The past years have seen many multinationals come and set up offices in the country and most of the time these offices become the hub for East and Central Africa. Examples of multinationals and the period in which they set up their offices in Kenya are: Diageo (1922), Samsung (2002), Unilever (1930), Lafarge (1989), and Barclays (1917). However, as much as these entities are setting up office here, it is not always a guarantee that they will reap the benefits they had envisioned, some will take time before reaping the benefits and some end up not making any headway and end up closing shop and moving elsewhere. On the other hand, others have flourished very well and have even come to be mistaken for local companies since they have managed so well to adapt to the local environment.

According to Cullen and Parboteeah (2010), one can come up with several reasons as to why some multinationals flourish and others do not. Some of these reasons are: Poor market research leading to introduction of products that do not suite the market, lack of sufficient capital to compete effectively, stiff competition from local companies and poor political and economic conditions that make it hard to conduct business. These factors provide entities with various strategic options that they can use to adapt to a foreign market. One of the strategies that a multinational can use to gain an edge is localization. Localization is whereby a company adapts its strategy to suite that of the local market, an entity does this by tailor making its products and marketing activities to that of the local market (Rugman, 2005).
A close observation of the Multinationals in Kenya will reveal that localization is a strong tool that has been used by many MNCs, some have used it well to their advantage and some are still struggling to find their niche in the market (Mwende, Juma, and Mathooko, 2013). For example, a company like East African Breweries would be confused for a local company given how well it has managed to capture the Kenyan market by tailor making their products and marketing activities to a point where they resound the Kenyan look.

Pepsi has been trying to find a foothold in the Kenyan market but Coca Cola has not made it easy for them. Coca Cola has had a great advantage since it set foot in the Kenyan market first, also, it has managed very well to tailor make its products to suite the local needs. Their advertisements are endorsed by local Kenya celebrities and their distribution network is so extensive such that it is uncommon to find a Coke even in most remote parts of the country (Zanoni, 2011).

Another company that has employed the localization strategy very well is Equity Bank, the bank tapped into the low end market where most financial institutions had avoided for so long due to the perceived risk little did they know that is where the majority of the population lies. Equity Bank products suite the needs of the majority of Kenyans who are at the bottom of the pyramid and this has seen most banks follow suite. Notably, localization has been employed as a strategy in the Kenyan context.

1.2 Problem Statement

Multinational Corporations (MNCs) play a key role in the global economic development platform. MNCs are tasked with helping emerging economies such as Kenya to modernize through providing them with technology, knowledge and skills, access to export markets and intensifying competition by making goods and services that are better and cheaper than those offered by local producers (Ramamurti, 2009).

The extent and use of the localization strategy in Kenya is highly dependent on the macro environment in Kenya and the organization’s key competencies and capabilities. For this
reason, it requires extensive research by MNCs so as to understand the Kenyan market, know which specific strategies that need to be tailor made to suit the market and how to implement them. Notably, Kenya has become a hot spot for many MNCs given its vibrant and dynamic market. Given this fact, it is paramount that these MNCs have a clear understanding of the macro environment for them to succeed (Mwende, et al., 2013).

Most managers of MNCs venture into the Kenyan market with clear strategies but end up failing as they do not bear in mind the factor conditions in the country. This study will therefore address the need for and extent to which MNCs can employ the localization strategy to succeed in the Kenyan market. It will give illustrations of how successful MNCs have been able to localize their strategies and the recommended remedies for those that have had a hard time trying to capture the market (Dunne, 2006).

Furthermore, there exists scanty and inconclusive information on the effectiveness of localization as a strategy of MNCs more so in the Kenyan context. This study will address the knowledge gap in strategy by giving clear illustrations on how, the why and the impact of MNCs in localizing their strategy with key reference to various MNCs operating in Kenya. The study will seek to answer the following questions; how have Kenyan MNCs localized their strategies to adapt to the local market?, to what extent have MNCs localized their strategies?, how has localization helped MNCs to grow their business in Kenya?, how does an MNC that has localized compare with the one that has not in terms of growth?, and what is the impact of localization on a MNC’s overall strategic plan?

1.3 Purpose of the Study

The general purpose of this study is to illustrate how MNCs can utilize the localization strategy efficiently and effectively in the Kenyan market so as to grow and sustain their competitiveness.
1.4 Research Questions

1.4.1 What is localization strategy?

1.4.2 How have MNCs localized their strategies to adapt to the Kenyan local market?

1.4.3 What are the strategic benefits and demerits of Kenyan MNC’s localization?

1.4.4 What is the effect of localization to MNC’s overall performance?

1.4.5 What recommendations arise from the findings in this study?

1.5 Importance of the Study

The following groups of people will benefit from the study:

1.5.1 Managers of MNCs

The managers maybe in MNCs already existing in Kenya or those that may want to establish their offices here. They will have a clear understanding of the Kenyan market and how to tailor make their products to fit the Kenyan market.

1.5.2 Investors

These are both local and foreign. The study will shed light on how localization can be used as a strategic tool and therefore these investors will be guided on how to access potential MNCs to invest in based on how best they have adapted to the Kenyan market.

1.5.3 Scholars

In addition to the various strategic tools that MNCs can use to gain market share, the study will expound on localization as a strategy which will provide further knowledge to scholars in the field of strategy
1.6 Definition of Terms

Some terms to be reckoned with the localization strategy are as follows:

1.6.1 Localization

To confine or restrict to a particular locality (Dunne, 2006)

1.6.2 Multinational

A company operating in more than one country other than its home country (Forsgren, 2013)

1.6.3 Market Niche

A subset of the market on which a specific product is focusing on (Dalgic, 2006)

1.7 Chapter Summary

The role played by MNCs has elicited heated debates in the recent past with regarding to their contribution in development. These corporations have been instrumental in helping upcoming economies in their general modernization which is characterized by technology transfer, knowledge and skills. Likewise, they have been on the fore front in the provision of export markets as well as making sure that competition is intensified for the benefit of the consumer. The next chapter will address literature review, giving a comprehensive illustration of literature that has addressed this topic of localization as a form of strategy for multinationals. The same will play a pivotal role in adding to the body of knowledge that is pertinent to the topic of study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter contains the theoretical and conceptual framework of the study in relation to the research questions. The chapter is organized into sections. First, the chapter looks at the meaning and scope of localization, next provides insights how MNCs have localized their strategies to adapt to the Kenyan market. In addition, the strategic benefits and demerits are discussed. Finally, the effect of localization to a MNCs overall performance is discussed. By looking at the works of different authors, the chapter provides a theoretical and conceptual framework on localization as a strategic tool for multinationals’ competitiveness in foreign markets.

2.2 The Meaning and Scope of Localization

Business world has become a global village. Most countries have not only opened up their national boarders for foreign investors; they have revamped efforts and resources to inform international investors on business opportunities at home (Frisk, 2008). This has in turn increased flow of international business all over the world hence there has been a massive internationalization. It is the ever increasing internationalization that has made localization a necessity for business organizations. The requirements in different markets are different. Therefore, for a multinational entity to succeed in a foreign market, it must meet the needs of the buyers in that country (Chen and Cannice, 2006). Since the internationalizing multinational in most case has been products based on the needs of their current market, it must now incorporate the needs and expectations of the new market (Bevan, 2004).

Localization entails adapting the products and services as well as the applications, content and communication systems, strategies and means so as to meet the needs of the target markets’ culture, language, and other relevant local clientele needs (Lang, et al.,
2008). The purpose of localization is simple; to make the internationalizing company’s products adaptable to the new environment. Hutchings and Weir (2006) posits that failure to adapt the products to the target clientele’s expectations and needs can lead to failure of an organization’s internationalisation strategy. An internationalising company should embrace local needs and expectations.

According to Localization Industry Standards Association (2010) the globalization process involves both internationalization and localization which also are processes. Internationalization begins by identifying the needs of the new market through a rigorous research. Then, a company decides on the product that it will offer in the new market. After product identification, the company designs and develops the product. After product development, product testing and quality assurance is conducted. This is called phase one. Phase two involves localization of the product. The product is locally tested and quality assurance conducted after which local product marketing is planned and executed. Globalization process is depicted by the figure 2.1 below.
The chart above shows the process of localizing products such as software, websites, video games etc. The process as a whole is globalization. The fundamental phases of globalization are internationalization and localization as shown above. Lang et al. (2008) posited that although different companies follow different steps in establishing their business in the target international company, they all are required to consider the local market needs and expectations and seek to meet those needs through every aspect of the company’s procedures and processes. Similarly, Chen and Cannice (2006) postulates that, subsidiaries of global companies operating in emerging markets have to integrate the local customer expectations in their entire business model for a competitive gain. Ryals (2005) added that most customers want to be served the local way. Unless a company upholds their culture, they may attract negative publicity and fail in the foreign market.
2.3 How MNCs Localize their Strategies to adapt to the Local Markets

Foreign markets present adverse challenges to many internationalizing organizations. One major challenge is the MNCs’ inability to interpret the needs of the customers in the diverse market situations. The best approach is to research and know the needs of the local consumers and stakeholders so that the company’s products are tailor-made to reflect local stakeholder needs and to cater for their needs (Bevan, 2004). This requires well-crafted strategies by both the headquarter staffs and local professionals who understand the market very well. Malone et al. (2007) notes that culture diversity and language barrier may inhibit adoption of a great product.

Jabbour et al. (2011) notes that establishing a balance of global standardization and local adaptation is necessary for every MNE. While most multinational companies aim to achieve global standardization – ensuring that the goods and services of the company are quite homogeneous so as to uphold the brand name and brand value of the company, it is better for MNEs to seek to adapt to the local market needs. Thite et al. (2013) noted that ethnocentric orthodoxy has failed most MNEs in the emerging economies since it fails to recognize local market needs.

Ira and Nelson (2004) notes that human resource management localization should be prioritized even over all other aspects of localization. This essential since cultural diversities require that the local people be involved in production and delivering the products and services of the company. In some circumstances Bevan (2004) posits that an organization has to develop acceptance from the locals by employing their own people. In localization, Doole and Lowe (2008) adds that HR pollicies should be tailor-made to ensure that people in the new markets are integrated in the organizational management. Sometimes, only the locals can help the organization to execute the strategy of the organization.

Wei (2014) established that labour market mobility, location, monitoring by headquarters, are the key factors in HR policy localization. While an organization
transfers the power to execute the mandate of the parent company to the subsidiary, the headquarters retains the responsibility to ensure that the company’s strategy succeeds. That is why MNEs should use the local firms to hire local professionals to execute their mandate (Chen and Marie, 2003). However, the parent should supervise the subsidiary loosely.

Pudelko and Harzing, (2006) noted that localization mostly begins by engaging local entities. Local marketing, legal and human capital firms are amongst the first to engage. Myloni et al. (2007) established that most organizations use local firms to conduct research for them so as to understand the market, after which the company hires the local people and uses them to execute the goals of the company. The parent company sends some of its officials to head key departments to ensure that the subsidiary succeeds in the target market. Later, locals may be left to manage the subsidiary with loose supervision from the head office. Pudelko and Harzing (2010) add that the subsidiary has to be compliant to the local regulations for good reputation which is paramount for success in the market. Furthermore, the products of the company must meet the needs of the local consumers by producing product and service offerings that specifically meet the local needs. This is the major reason why the human resource policy must target the local professionals to produce and serve their clients (Myloni et al. 2007)

2.3.1 Local Stakeholder Consideration in Corporate Globalization

In the last two decades most governments have opened their borders and stepped up their campaigns and exertions to enhance commercial viability in a spirited effort to attract foreign investments into their countries (Cullen and Parboteeah, 2010). In his study Rasiah (2008) noted that increased technological inventions which has translated the world into a global economy has made communications and movements possible and hence boosted commercial interactions. Dunne (2006) states that business organizations go to other nations in pursuit of cheaper input costs and more clientele base.
While aim of internationization is to garner more competitiveness by castigating enterprise interests, hence commercial longevity of the firm, Jabbour et al. (2011) posits that internationalization presents enormous challenges that bring down the efforts of many managers. According to Lalwani et al. (2006) the major challenge that most internationlizing companies encounter is its ability to meet the demands and expectations of different customers and other numeral stakeholders in the expansive business network.

In order to manage these international pressures, Multinational Corporation sought to undertake to pre-formulate an appropriate internationalization strategy (Rozkwitalska and Gdańska, 2009). According to Zanoni (2011) an effective corporate globalization strategy should carefully enshrine the interests of the local stakeholders in the business programs. This is necessary because the international company draws its inputs and clientelle from the community of operation. Jabbour et al. (2011) posits that a strategically designed corporate social responsibility is an essential tool in business internationalization.

Apart from practicing strategic corporate social responsibility, a localization strategy is an essential factor in business globalization (Forsgren, 2013). Whereas the globalizing companies are highly advised to uphold the societal values in the regions they operate their business, Zanoni (2011) posits that these entities may lose organizational memory should they fail to uphold some central values. To many organizations, the trick is the organization’s ability to balance the central organizational values with the local values (Forsgren, 2013). Nonetheless, Dalgic (2006) postulates that failure to fit into the local markets is a sure root to strategic failure. This is the source of the upheld internationalization mantra, ‘you either fit, or quit’ (Forsgren, 2013).

2.3.2 Localization to Fit Local Markets

According to Pei et al. (2010) all globalization expertise dates back to many years in the past, but it majorly became necessary in early 1990s when internationalization boom as western companies set their feet into different emerging markets. Whereas most organizations were careful of the choice of entry mode – whether a joint venture or a
subsidiary, little attention was paid as to the marketing entry strategy (Levy and Newell, 2011). This effectively transferred and replicated the developed brands and competitive strategies into the new emerging markets without adaptation, a sure mistake by most globalizing companies (Dalgic, 2006).

Although it could be argued that transferring the brands and strategies that served an organization well in former markets can help leverage competitive assets like brand name, is a sheer ignorance to tenents of strategic management that companies should adapt their products and strategies to suit the conditions of diverse markets (Porter and Kramer, 2006). Hutchings and Weir (2006) notes that failure to adapt products and strategies to local markets makes MNCs to rely on a few elites who are familiar with their brands and can afford uncomprmpised prices. What follows is that such MNCs start to struggle as the local companies immitates their products, redesigns them and brings them into the market with a local touch (Rozkwitalska and Gdańska, 2009).

To obtain some market share and competitiveness in the local markets, Dalgic (2006) advances tha MNCs should enter these markets by rethinking their marketing strategies in two folds. First, they should embrace mass-marketing mindset os as to aggressively compete with other organizations in the market including the use medium term goals such as price competitions. Second, Dalgic (2006) proposes that globalizing MNCs should implement dynamic strageies to reach mass markets so as to expand their market share rather than rely on the elite niche.

It is worth noting that most MNCs globalize by getting into emerging local markets to tap into massive unreached potential customers (Dunne, 2006).This being one of the key reasons for globalization, Hutchings and Weir (2006)MNCs should employ all tactics that can help them to reach and tap into the clientelle of the many potential customers, normally left out because; they cannot afford the products, are not aware of the product’s existence, or because they simply do not beleave in the foreign products (Ramamurti 2009).
Selmer (2006) notes that most MNCs only transfer their foreign products into global markets, sometimes with sheer disregard of whether the product meets the local consumer needs. In their bid to ensure price consistency across the global distribution centers, most MNCs end up losing to the local competition since they are able to quickly alter their prices as the market demands hence taking chunks of market share (Pei, Mellahi, and Thun, 2010). Sagepub (2002) noted that the MNCs’ niche strategy usually gives the local competitors the space to develop their own competence and brands far more quickly than multinationals had anticipated.

Doole and Lowe (2008) noted that most MNCs rely on a niche distribution strategy, which tend to rely on larger channels with which they are somewhat familiar and which cannot realistically achieve high distribution coverage of the traditional, complex, socially embedded channels characteristic of emerging markets. Unless an entity is assured of a first mover advantage, relying on a specific way of doing things is potentially erroneous as the business environment as it is today is very dynamic with diverse changes, and is marred by competition turmoil (Rugman, 2005). Keeping a strategically segmented marketing approach is essential for both short and long-term competitiveness (Dunne, 2006). In their report, Cullen and Parboteeah (2010) posits that adoption of mass marketing centered on good but simple products, narrow product ranges, and low rates of product obsolescence can enormously enable the MNC to enter the foreign market and experience reasonable success. Porter and Kramer (2006) posits that it is the ability to meet the local needs, yet attain a reasonable premium that counts.

2.4 Strategic Benefits and Challenges to MNC’s Localization

Commercial organizations usually aim to maximize the wealth of the shareholders. Internationalization requires that an organization plans well on how it can take advantage of the opportunities in the new market. Whereas localization is deemed as a key strategy, Hutchings and Weir (2006) posits that there are demerits of localization as much as there are benefits of the same. The discussion that follows focuses on advantages and then
disadvantages later. The discussion that follows focuses on the advantages first and then challenges later.

2.4.1 The Competitive advantage of Localization

In their article in the journal Thunderbird International Business Review, Hutchings and Weir (2006) noted that a better strategy for an internationalizing company is to meet the current needs of the local consumers and to evolve with them as they change. A globalizing multinational should however decide on the strategies they should employ to compete in the new market (Dalgic 2006). Kraimer et al. (2011) established that MNCs can compete by either transferring their global assets, like brand names with a proven strength in other markets, or by designing local-market-specific, sources of advantage. These could include but are not restricted to brand names.

In addition, the globalizing company should decide whether it will be competing with other multinationals or by with the local companies (Hutchings and Weir, 2006). Whereas the questions that an MNC asks are interrelated, the strategies to be applied are exclusive, in which different marketing strategies can be applied for good success in the global markets. Porter and Kramer (2006) posits that the aim should be to have the products of the company accepted in the different global markets not for the sake of making sales, but for the company to be able to actually meet the needs of the local consumers.

Notably, most MNCs have used their global assets such as brands, managers, and suppliers of marketing services, hoping that they represent their sources of competitive advantage and that they would be valued in emerging market economies (Cullen and Parboteeah, 2010). Although this is a justifiable globalization strategy, it leads to over-competition and rapid saturation of the wealthy segment of emerging market populations, predominantly because of the large number of MNCs that enter a market within a short period of time, and is an improper strategy especially because the culprit company is
usually restricted in terms of market size it is likely to command in the new market targeted (Doole and Lowe, 2008)

Ira and Nelson (2004) posits that localization helps an organization to benefit from the new markets. As the company use local personnel it is able to think like the locals and develop products that meets the needs of the consumers in the target market. Foreign executives only import their practices from the head office to the local market. Cullen and Parboteeah (2010), noted that only locals can effectively understand the needs of their people more intimately and devise techniques to meet them. By meeting the needs of the consumers, an organization is able to earn greater market share. Meeting the needs of the consumers makes an organization competitive even in the long-run.

Also, localization enhances compliance to legal and regulatory frameworks of a foreign market. According to Myloni et al. (2007) only an organization that complies with the laws of the land and industry regulations can compete in foreign market. Porter and Kramer (2006) postulated that competitive organizations have a culture compliance. A study by Pudelko and Harzing (2010) confirmed that experienced local professionals know their laws and regulations making it possible for an MNC to comply with the regulations right from the beginning. Furthermore, locals can use their networks to solve possible bottlenecks in the process of MNC project implementation.

In addition, local professionals can more easily establish business partnerships that can make an organization more successful and competitive. Notably, local professionals have contacts for key persons in organizations they have worked previously or in organizations where their peers have been working. This makes it easier to get business for the organization they are currently working for (Wei, 2014). Pudelko and Harzing (2006) states that local professionals are not only better placed to make leads; they are good at reaching clientele satisfaction which helps an organization to attain recognition, build brand name and brand value.
Even for manufacturing companies, locals are better placed to know the needs of the local people hence develop appropriate packaging and marketing strategies (Selmer, 2006). Understanding of market needs is essential for MNC competitive advantage. Ira and Nelson (2004) postulates that while an MNC can transfer technologies and core business lines practices, only local professionals can help the organization to know what the local market needs and how to meet those needs in light of cultural differences and other societal limitations including linguistic and ethical diversities.

2.4.2 Challenges to MNC Localization

Localization is inevitable for MNCs wishing to enter new markets successfully (Dunne, 2006). Although localization can give organizations enormous advantages, it is evidence that some organizations do not take localization very seriously. Most multinational organizations only transfer their products and strategies into the new markets, retain their familiar distribution channels, and even transfers their home country rules and regulations in hope that the new market will receive the products as would be in the home markets (Hutchings and Weir, 2006). Levy and Newell (2011) postulates that it is possible, that the consumers may retain idiosyncratic local consumption patterns that are driven by cultural norms; more so because they are familiar with such.

Palepu and Khanna (2010) noted that international businesses are facing great challenges in the global market nowadays. They noted that the MNEs in emerging markets face challenges including; corruption, macro-economic risks including – exchange rate, inflation, unstable politics, insecurity, poor infrastructure, poor distribution channels, inadequate access to capital financing, and poor laws on intellectual property. However, there are several business opportunities. For instance, there is hyper-growth, deregulations, adequate low priced talent, larger and ever-growing middle class consumers, and absence of adequate basic products and services. Nonetheless, they established that well established multinationals still struggle to succeed in the market local markets because they often fail to understand the demands on the local market needs.
In their study Zhao et al. (2014) posited that emerging markets always experience social and institutional changes which present diverse stakeholder expectation for MNEs. However, MNEs are occasionally accused of social misdeeds and such may not success in the foreign market. The conventional adaptation strategies are emphatic of economic return maximization by taking of advantage in diverse markets and by simply understanding local market consumer characteristics (Chen and Zhiqian, 2008). However, it is essential for companies to concentrate on both economic and social aspects of stakeholder expectations for long-term success through uninterrupted business operations and positive public image. The study by Zhao et al. (2014) established a positive relationship between both the economic and social aspects like early entry, reliance on local leadership, speedy expansions, local employee growth prospects, and continuous flow of business operations.

The problem of not localizing is that the globalizing company tends to assume that it can only obtain strategic advantages by optimizing on its current or previous executives, brands and strategic distribution channels rather than the current strategic portfolio of the company adapting to the new market consumer expectations and competition requirements (Forsgren, 2013). Dunne (2006) posits that this excessive conservative approach by MNCs epitomizes a failure of the organization to commit itself to evolve in new and emerging markets.

Globalization executives fail to understand that there are many advantages for MNC localization than there are in failing to localize. Jabbour et al. (2011) observed that most globalizing companies tend to see the cost of localization more than the strategic advantages that an organization could obtain by localizing. Rather than opt to look for alternative techniques of globalizing Selmer (2006) observed that the globalizing executives prefer to continue in their traditionally applied and familiar strategies and practices.

Selmer (2006) posits that multinationals can localize internally or outsource to a local company, in order to minimize on all possible costs. The assumption is that an
internationalizing company can be able to visualize that part or the entire cost of localization as part of the added value that the organization is bringing to the local clientele (Cullen and Parboteeah, 2010). The strategic advantage in this is that stakeholders in the new market are usually attracted to organizations they feel that they have the consumers in mind. Furthermore, socially responsible corporate organizations should not be much more interested in saving their money at the expense of their local consumers and other stakeholders (Visser, 2008).

By an MNC designing its internationalization strategy to localize internally or by outsourcing to a local company, the internationalizing company takes the advantage of the strategic benefits inherent there of (Kraimer, Reiche, and Harzing, 2011). The other alternative is the organization starting its operations afresh in the new market. This may cause the organization to incur many costs. However, Rozkwitalska and Gdańska (2009) notes that an organization should not be deterred from establishing new operations in a market if the executives feel that the investments will give the organization a desirable advantage in the new market.

However, the new operations should leverage the advantages of both the home entity and previously established strategic benefits, yet take the advantage of the local market opportunities (Kraimer, Reiche, and Harzing, 2011). Ramamurti (2009) established three advantages inherent in localizing by outsourcing in the local market. Firstly, it helps the entity to yield development from the localization effort since there is less developmental efforts required as the project can be executed with relatively great speed. Second, it eliminates any direct costs for localization, since the organization incurs fewer costs in its localization efforts. Also, this enables the availability of a localized version of the product in the market (McGuire, 2003).

2.5 The Effect of Localization to MNC’s Performance

The actions of the leaders of any commercial entity ought to lead to organizational performance at least in the long-run (Ira and Nelson, 2004). Localization strategy should
therefore enhance an organization’s performance by adding to the entity’s competitiveness. As such, as a strategy, localization should help the globalizing company to be capable of generating more revenues and related financial resources for the company. The strategy should help the organization to attain superior competitiveness and either or both in the short-run and in the long-run (Dunne, 2006).

2.5.1 Benefits of Value Addition Relocation (VAR) Localizations

Although localization has got many strategic advantages, it has got some challenges as well. Costs involved are a major deterrent to small organizations. This gives them an option to get into partnerships with local companies hence be able to operate in the new market directly. These partnerships are called value addition relocations (VAR) (Aronczyk and Powers, 2010). Aronczyk and Powers (2010) posits that internationalization presents great competitions between the what the organization considers as the norm and the inherent challenges of cultural conflicts as the organization finds itself in new markets with new customers, suppliers, government regulations and much more different market orientations (Dunne, 2006).

Apart from the costs incurred in business localization, localization has the disadvantage of losing the organization’s norms to suit the local cultural expectations (Aronczyk and Powers, 2010). Cullen and Parboteeah (2010) posits that an internal or local company localization is involved has got some disadvantages. Such demerits include; quality compromise due to lack of direct control, since the chose value added relocations may lack the required localization skills.

Another challenge is that the time-to-market usually suffers since the value added localization has much incentive to sell, with minimal aggression to develop products (Cullen and Parboteeah, 2010). Another challenge is that these value added localized entities usually suffer the lack of the strategic coordination of multi-language releases, and as well as lack of control over the region since the company will not own the localized material (Bevan, 2004).
In addition, in case the parent company wants to go into the specific geography directly would have a problem since the local company would already be in ownership of the product (Bevan, 2004). In spite of the many disadvantages, companies with the intention to localize with lots of ease usually apply this strategy. The option gives the globalizing company an opportunity to compete with other vendors on the international arena, or meet international regulations, or customer demands with little structural adjustments and costs (Pei, Mellahi, and Thun, 2010).

The option of VAR involves the use of technology and hired local staffs and by working directly through a vendor or even both (Bevan, 2004). This strategy is usually part of a process to fast-track localization as after an organization has set its foot in the desired market; it can now easily make other necessary steps to localize its products into the market. Major strategic implications for VAR is that the company has to make to make a budget and incur the costs of localization, and may require to undergo their own testing which is costly and time consuming.

The advantages for this strategy are however many. First, the company has the control over the product quality, company image, reputation, and standards (Mbaire, 2012). Also, the company has the control over the time schedules, avoiding losing market opportunities and keeping international users in sync with the latest product releases. Additionally, the company commands the ownership of the localized material giving full control over who markets, sells and distributes the product internationally.

2.5.2 Attaining Strategically Localized Projects

When an organization is getting into a new market for the first time, proper planning is essential. Company executives should ask themselves a number of questions and make some important conclusions. These includes; the choice of the market, the language to utilize, whether there is a need for translators, the project cost, time required for the project to start bringing incomes, technological issues as well as the role of the overseas partners (Cullen and Parboteeah, 2010).
Another important aspect of globalization is localization audit. The company executives should ask themselves questions such as: the level of project completion, currency translation exposures, number of staffs required for the project, the inherent risks and dependencies, and issues of continued product and brand name development (Cullen and Parboteeah, 2010). Globalization audit helps the organization to identity possible risks and dependencies that could adversely affect the localization project (Cullen and Parboteeah, 2010). Once the localization project has been started, the organization can establish appropriate localization project management whether on or off the site (Dunne, 2006).

Also, literatures have revealed that globalization comes along with many advantages, but also with many demerits. The advantages comes from the fact the company can reach much bigger clientele with its products hence much more revenues. Also, the fact that globalizing companies can target certain markets where input costs are low, an organization can benefit by ensuring that it attains cost leadership advantage (Ewen, 2008). The challenges majorly arise because the globalized company becomes big, operates in diverse markets with different consumer demands (Singh, 2011). Furthermore, organization stakeholders in diverse markets have different demands and expectations.

The literatures reveal that localizing the organization so that it operates in the local market with the needs of the local consumers in is essential for organizational success. The organizational executives should plan how to take advantage of the strategic advantages in the different markets, but also be aware of the needs of consumers and other stakeholders in the local market.

Kimmel (2000), postulates that marketing executives should take all possible advantages which can enable the organization to plan worldwide rollouts for the company products while maintaining the quality image for both the company and the product. Leverage over strategic partnerships in the target markets should be capitalized upon. Reliance on more than one distributor in key geographies and ownership of the localized product is
advantageous in that the company is able to retain the control of the entity (Lalwani, Disney, and Naim, 2006). The next chapter provides the methodology of the study.

2.6 Chapter Summary

This chapter provides the literature review in relation to the above or/and closely related issues. Literature review has revealed that localizations essential to companies, especially those having an aim to grow in a new market. This is so because, globalization occurs as an organization attempts to obtain more strategic advantages by obtaining operations in strategic markets where the company foresees lower operation costs and market for its products (Kraimer, Reiche, and Harzing, 2011). It starts after an organization has fully exploited home markets or/and when it realizes that it can obtain much more strategic advantages by getting into new markets. By meeting the very local needs, an organization is able to attract clientele hence making more sales.
3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the methods and the procedures and that were used by the researcher to carry out the study. It provides a discussion on the research design of the study, data methods of data collection and the techniques employed to analyze the collected data.

3.1 Research Design

A research design is an arrangement of the factors, procedures, and tools that a researcher intends to use so as to collect the data and analyze the same so as to reach the findings of a study efficiently and effectively. Kothari, (2004) stated that a research design provides the researcher with guidelines to follow so that he/she can collect, analyze and interpret the collected data in an articulate manner.

This study followed a descriptive research design. The study sought to establish and describe the specific characteristics of the study objects in relation to localization as a strategic tool for multinationals in Kenya. The findings of the study can be applied in describing the phenomenon in other related market situations with incorporation of the individual characteristics. The results of this study can be used to explain phenomenon in other related entities concerning when, what, where, who, and how on the subject of the study (Kothari, 2004).

The descriptive study design was applied to find out the present state of affairs in relation to localization as a strategic tool for multinationals in Kenya. This helped to identify the appropriate localization strategic tools for multinationals in Kenya. Furthermore, the descriptive study design was preferred for this study since was easier to manage in consideration of time and cost constraints (Mugenda and Mugenda, 2003). It helps to
achieve the validity, dependability, and generalizability desired in research since it can be utilized for diverse studies whether the data is qualitative or quantitative.

3.2 Population, Sample and Sampling Design

3.2.1 Population

Population refers to all the items under consideration in a study (Kothari, 2004). Castillo (2009) posits that population is the collection of total set of individuals or objects from which scientific inferences can be generalized.

Since the study is on localization as a strategic tool for multinationals in Kenya, the population for this study was multinationals operating in Kenya.

3.2.2 Sampling Frame

Zikmund (2003) postulates that sampling frame is the sumtotal of the available sample units from which a researcher can choose from any given stage in the research sampling process. Sampling should be done in such a manner to exclude any possibility of duplication. Sampling frame includes the elements in a population that can be contacted. For the purpose of this study, the sampling frame includes all staffs working in the multinational corporations within Kenya during the time of the data collection.

3.2.3 Sampling Technique

A stratified random sampling technique will be employed for the purpose of this study. Mugenda and Mugenda (2003) states that stratified random sampling is the best sampling technique in that it eliminates possible biases and increases the correctness of the data collected hence enhancing generalizability quality of the study findings.

For the purpose of this study, the researcher will randomly pick 50 staff at the management level in 50 MNCs in Kenya. The randomly sampled respondents will be
requested to complete the questionnaire. This technique will help the researcher to obtain the information on localization as a strategic tool for multinationals in Kenya.

3.2.5 Sample Size

The study will target a sample size of 50 MNCs in Kenya. An employee in the operations management level will be the target respondent.

Table 3.1 Sample Size

<table>
<thead>
<tr>
<th>Sample Size</th>
<th>Target MNCs</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>50</td>
<td>50 Operation Managers in each MNC</td>
</tr>
</tbody>
</table>

A Sample of 50 was chosen to ease data collection and to minimize on time, human and human resources and so as to complete the research within reasonable time. Because the study targeted managers in the operations department to complete detailed questionnaire, the researcher was able to collect sufficient information to complete the study.

3.3 Data collection

This study used primary data. Mugenda and Mugenda (2003) postulate that primary data is advantageous in that it provides the very current information of a phenomenon as it is. This is essential since this study seeks to understand localization as a strategic tool for multinationals in Kenya.

The researcher used first-hand primary data obtained by way of self-administered structured questionnaire. The method was preferred because it is convenient, cost effective and attractive for data collection for this kind of a study. The respondents were granted reasonable time as per their convenience.
The research instruments asked the respondent to rate various aspects about localization and firm performance in a Likert scale 1-5. The researcher used drop-and-pick method in delivering and collecting the completed study questionnaires. The researcher conveniently dropped and picked the questionnaire from the respondents at will. Those willing to complete the questionnaire, the researcher gave them a copy of the questionnaire, requested to know when it could be collected, then arranged to collect the questionnaire at the soonest possible time.

3.4 Data Analysis

The data collected via questionnaire were checked for completeness. Then it was coded and summarized via excel spread sheets. Then the entries were made into the Statistical Package for Social Science (SPSS) version 20 and analysis was done. The responses (qualitative data) were thematically organized depending on their contents. The findings from the analysis was organized, summarized and presented using tables and bar graphs to easily and clearly depict the frequency, percentages and other relevant statistics. The results of the analysis were used to answer the research questions and to complete the study report.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This study sought to examine localization as a strategic tool for the multinationals in Kenya. The study was guided by the study objectives; to establish how MNCs have localized their strategies to adapt to the Kenyan local market, to assess the strategic benefits and demerits of Kenyan MNC’s localization, to establish the effect of localization to MNC’s overall performance, and to recommend the key aspects to be considered by Kenyan MNCs in order to localize effectively. This chapter provides the results and findings of the primary data which was collected through a questionnaire and via an interview guide. The chapter provides an analysis of the obtained data with the aim to respond to the objectives of the study.

4.2 General Information

The study targeted to reach 50 MNCs in Kenya. The researcher managed to obtain 46 completed questionnaires hence 92 return rate. This was good return rate since empirical theories such as response rate do matter advanced by Baruch (1999) suggests that a response rate of 55% is sufficient for social science studies. On average, the respondents had 4 and half years of experience of whom 26 were male and 20 were female as shown in table 4.1 below.
Table 4.1: Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>26</td>
<td>57%</td>
</tr>
<tr>
<td>Female</td>
<td>20</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>46</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Findings

The study results established that 35% of the respondents were aged between 25-35, 46% between 36-45, and 20% between 46-55. Also, they were at least involved in influencing the strategy of the organization as shown in table 4.2.

Table 4.2: Age Bracket and Involvement in Strategy Decisions

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>25-35</td>
<td>16</td>
<td>35%</td>
</tr>
<tr>
<td>36-45</td>
<td>21</td>
<td>46%</td>
</tr>
<tr>
<td>46-55</td>
<td>9</td>
<td>20%</td>
</tr>
<tr>
<td>56 and Above</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Extent of Involvement</th>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Involved</td>
<td>12</td>
<td>26%</td>
</tr>
<tr>
<td>Quite Involved</td>
<td>18</td>
<td>39%</td>
</tr>
<tr>
<td>Involved</td>
<td>16</td>
<td>35%</td>
</tr>
<tr>
<td>Never Involved</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Not at all</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Research Findings

4.3 How MNCs have localized their Strategies to Adapt to the Kenyan Market

The study sought to establish how MNCs localize their strategies to adapt to the Kenyan market. Company executives in the sampled companies were asked to answer the questionnaire. The results were as shown in figure 4.1 below.
Source: Research Findings

Figure 4.1: Key Aspect of the Kenyan MNC’s Product and Services

The study results established that 15% of the respondents felt that their company’s products or services are focused only on profits, 25% always follow the dictate of parent company, 27% tailor-makes their products to reflect local market needs, while 33% said that their products are quality-driven.

However, when asked whether their company’s products seek to meet the needs of the local consumer, 88% of the respondents said that their company products/services seek to meet the needs of the local market.
4.3.1 Major Local Market Factors Considered by MNCs Operating in Kenya

The study sought to establish the major aspect that MNCs Consider in implementing their strategies in Kenya. The respondents were asked to answer this question and figure 4.2 below shows the answers.

![Major Consideration by the Kenyan MNCs as a strategy to succeed in the local market](source)

**Source: Research Findings**

**Figure 4.2: Major Consideration by MNCs in Kenya**

The study results established that 21% of the MNCs consider the local politics, 22% local people’s language, 24% local culture and local market’s laws and regulations took the lions share 33%. This reveals that all the aspects above are considered but local market laws and regulations is the major concern for the foreign MNCs.
Also, the respondents were asked to rate the aspect they felt their MNC ignored yet they may be important in being successful in the Kenyan Market. When asked which of the aspects above is quite ignored or not given appropriate weight that they deserve most respondents said that local language and local culture are quite ignored. Most respondents; 52% and 41% respectively, said that the Kenyan local dialects and cultures are ignored in most organizations’ strategic decisions as shown in Figure 4.3 below.

**Source: Research Findings**

**Figure 4.3: Important Localization Aspects Which MNCs Ignore in Kenya**
4.3.2 The Key Steps Followed in MNC Localization in Kenya

The researcher sought to establish the various steps that Kenyan MNCs follow in localizing in Kenya. The respondents were asked to rate various steps and actions considered by companies following localization strategy and the findings were as shown in figure 4.4 below.

Source: Research Findings

Figure 4.4: Key Steps Followed in Localization by MNCs in Kenya
Most of the respondents (24%) said that their company does compare product specifications with local requirements, 21% seeks local advice through local officers and partner companies, 20% packages their products to meet local consumer needs, and 17% have product documentation in local dialect, while another 17% does outsource localization specialists to guide their localization strategies. Notably, all the above aspects known to occur in companies with localization as a strategy were to a great extent practiced by MNCs in Kenya. The respondents said that local employees take largest percentage of staffs in their company.

4.4 The Strategic Benefits/Demerits of MNC’s Localization in Kenya.

The study sought to establish the major benefits or demerits of localization to the MNCs in Kenya. Specifically, the respondents were asked to state whether they felt that localization brings benefits of demerits to their company. All the respondents said that localization has more benefits than demerits citing that it helps customer to identify with the company and its products.

4.4.1 Benefits of Localization to MNCs Operating in Kenya

Also, the study sought to establish the benefits associated with localization. The respondents were asked to rate the benefits associated with MNC localization and results were as shown in figure 4.5 below.
Source: Research Findings

Figure 4.5: Benefits of Localization to MNCs Operating in Kenya

The study findings established that the respondents rated benefits of localization such as; speeds up entry to market - 19%, brand control and compliance – 20%, access to marketing opportunities – 20%, improvement of channel engagement and increased revenues – 20%, as well as attaining relevancy for longevity – 22% in the market; almost equally. The study results confirmed that MNCs operating in Kenya do obtain the aforementioned benefits. However, the respondents stated that localization has some demerits citing that it takes a lot of resources and efforts and that costs often outweigh the benefits if the strategy is not well evaluated and implemented.
4.4.2 Challenges of Localization

The respondents were also asked to rate whether they agreed that the various aspects in figure 4.6 are challenges to MNC localization and the results were as shown below.

![Challenges/Demerits of Localization](image)

**Source: Research Findings**

**Figure 4.6: Challenges to MNC Localization in Kenya**

The respondents - 23% stated that local customers are often too demanding, 22% noted that localization often alerts the local competition, 21% noted that localization takes a lot of resources. Also, 19% of the respondents stated that it is hard to get competent
localization professionals with high technical, language and project management competencies. Furthermore, 15% noted that it is hard to market to locals in a new market.

### 4.5 The Effect of Localization to MNC’s overall Performance

The study sought to establish the effect of localization to an organization’s performance. The research instrument required the respondents to state whether localization enhances organizational performance. A 100% of the respondents said yes and their reason was that localization helps to meet target customer needs, enhances ties with local people including distribution channel members’ hence better financial results.

Further, the responds were requested to rate the extent to which localization helps their MNC to attain the aspects related with attainment of goals of an entity’s strategy. The study results were as shown below.

![Effect of Localization on Strategy and Communication](image)

**Source:** Research Finding  
**Figure 4.7:** Effect of Localization on Strategy and Communication
According to the study findings, 31% of the respondents noted that localization enhances communication within the organization, 33% that it enhances strategy implementation and evaluation, while 36% noted it helps by focusing employee’s attention to specific goals.

Source: Research Finding

Figure 4.8: Association of Localization with Measures of Performance

According to the results, 19% of the respondents said that localization enhances overall cost reduction, 22% said that localization optimizes on overall company asset utilization, 27% felt that localization can help attain revenue targets, and a majority of 32% of them noted that it enhances corporate brand image and value.
4.5.1 The Relationship Between Localization and MNC performance

The study sought to establish the relationship between the extent of localization and performance of an MNC. To establish the relationship, a regression between extent of localization and MNC performance was done through SPSS. To measure the two variables, the respondents were asked to rate in a Likert scale between 1-5. The respective rating for each respondent were tabulated in excel and the regression of the variable done through SPSS. The ensuing part contains the regression results.

Table 4.3: Regression Results Model Summary Statistics

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.213</td>
<td>.045</td>
<td>.024</td>
<td>.9751960</td>
<td>2.179</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Extent of Localization
b. Dependent Variable: MNC Performance

Source: Regression Results

The regression established R and R – Square Statistics equal to 0.213 and 0.024 respectively as shown in table (4.3) above. Since Coefficient of determination R was positive, there is a positive relationship between localization and MNC performance. Since correlation coefficient R-Square (0.024) was very small near 0.00 there is a weak (negligible) relationship between localization and MNC performance. Since Durbin-Watson DW statistic (2.179) was near 2.00 the results shows no presence of first order degree of correlation.

Also, the study sought to establish the model coefficients. The regression results produced coefficients of the model as shown in Table 4.4 below.
Table 4.4: Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Un standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.263</td>
<td>.388</td>
<td></td>
<td>8.421</td>
</tr>
<tr>
<td>Extent of Localization</td>
<td>.201</td>
<td>.139</td>
<td>.213</td>
<td>1.444</td>
</tr>
</tbody>
</table>

a. Dependent Variable: MNC Performance

Source: Regression Results

According to the regression results, relationship between MNC Performance and localization can be described using the linear expression of the form $Y=3.263+0.213X+er$. However, the relationship is very weak as depicted by the model coefficient table 4.3 and supported by the correlation matrix table 4.5 below.

Table 4.5: Pearson Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>MNC Performance</th>
<th>Extent of Localization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>MNC Performance</td>
<td>.213</td>
</tr>
<tr>
<td></td>
<td>Extent of Localization</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>MNC Performance</td>
<td>.078</td>
</tr>
<tr>
<td></td>
<td>Extent of Localization</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>MNC Performance</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td>Extent of Localization</td>
<td>46</td>
</tr>
</tbody>
</table>

Source: Regression Results
4.6 Chapter Summary

This chapter provides the results of the analysis of the data collected by way of a detailed questionnaire. Targeting 50 MNCs in Kenya, the study collected 46 completed questionnaires hence attained 92% return rate. Specifically, the questionnaires were completed by experienced operations managers.

Regarding how MNCs have localized their strategies to adapt to the Kenyan market the study results revealed that most MNCs do consider local politics and ignores local Kenyan cultures and languages. In localizing, (24%) of the MNEs makes a comparison of product specifications with local requirements, 21% seeks local advice through local officers and partner companies, 20% packages their products to meet local consumer needs, 17% have product documentation in local dialect, while another 17% does outsource localization specialists to guide their localization strategies.

Concerning the strategic benefits/demerits of MNC’s localization in Kenya the study established that localization has more benefits than demerits with all respondents citing that it helps customer to identify with the company and its products. To this end, 20% of the respondents said that localization enhances attain brand control and compliance, 20% said it helps to access marketing opportunities, 20% noted it leads to improvement of channel engagement and increased revenues, while 22% stated that localization helps in attaining relevancy for longevity in the market.

Also, the 23% respondents said that local customers are often too demanding, 22% noted that localization often alerts the local competition, 21% noted that localization takes a lot of resources. Also, 19% of the respondents stated that it is hard to get competent localization professionals with high technical, language and project management competencies while 15% noted that it is hard to market to locals in a new market.

Regarding the effect of localization to MNC’s overall performance, all the respondents (100%) said that localization enhances performance their reason being that localization
helps to meet target customer’s needs, enhances ties with local distribution channel members hence better financial results. Also, 19% of the respondents said that localization enhances overall cost reduction, 22% said that localization optimizes on overall company asset utilization, 27% felt that localization can help attain revenue targets, and a majority of 32% noted that it enhances corporate brand image and value in the local markets.

On regressing MNC Performance rating against the extent of localization rating obtained from the respondents, the regression results established a positive coefficient of determination R (0.213) and a correlation coefficient R-Square (0.024) which was very small near 0.00. To this end, the results indicated a weak (negligible) relationship between localization and MNC performance. Since Durbin Watson DW statistic (2.179) was near 2.00 the results indicated no presence of first order degree of correlation.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides discussions, conclusions and recommendations in relation to the literature reviews and objectives of the study.

5.2 Summary of the Study

The main objective of this study was to assess the role of localization as a strategic tool for Multinationals in Kenya. The study followed a descriptive research design and was guided by the following specific objectives; to define localization, to establish how MNCs have localized their strategies to adapt to Kenyan market, to articulate the strategic benefits and demerits of Kenyan MNC’s localization, to establish the effect of localization to MNC’s overall performance, and to provide recommendation.

The study targeted 50 MNCs operating in Kenya. The data was collected by way of questionnaires targeted on operation managers. Forty six completed questionnaires were collected. Data was organized in excel spreadsheets and analyzed using SPSS.

Regarding how MNCs have localized their strategies to adapt to the Kenyan market the study results revealed that most MNCs do majorly consider local politics and laws and to some extent and have ignored local cultures and languages. In localizing, MNCs makes a comparison of product specifications with local requirements, seeks local advice through local officers and partner companies, packages their products to meet local consumer needs, makes product documentation in one local dialect, outsources local localization specialists to guide their localization strategies, and employs local officers in most positions with some key positions held by foreign officers.
Concerning the strategic benefits and demerits of MNC’s localization in Kenya, respondents said that localization has more benefits than demerits. The major reason is that it helps customers to identify with the company and its products. Also, the respondents said that localization enhances attainment of brand control and compliance, to access marketing opportunities, leads to improvement of channel engagement and increased revenues, as well as help in attaining relevancy for longevity in the market.

However, the respondents said that local customers are often too demanding. Also, respondents said that localization takes a lot of resources. Further, respondents said it is hard to get competent localization professionals with high technical, language and project management competencies. Sometimes, the costs of localization outweigh the benefit.

Regarding the effect of localization to MNC’s overall performance, the respondents said that localization enhances performance their reason being that localization helps to meet target customer’s needs, enhances ties with local distribution channel members hence better financial results. Also, localization enhances overall cost reduction, optimizes on overall company asset utilization, helps attain revenue targets, and enhances corporate brand image and value in the local market.

On regressing MNC Performance rating against the extent of localization ratings obtained from the respondents, the regression results established a positive coefficient of determination R (0.213) and a correlation coefficient R-Square (0.024) which was very small near 0.00. To this end, the results indicated a very weak relationship between localization and MNC performance.

5.3 Discussions

5.3.1 How have MNCs localized their strategies to adapt to the Kenyan market

Regarding how MNCs have localized their strategies to adapt to the Kenyan market the study results revealed that most MNCs do majorly consider local politics and laws and to
some extent and have ignored local cultures and languages. Lang, et al. (2008) defined localization as adapting the products and services together with the applications, content and communication systems, strategies and means in order to meet the needs of the target markets’ culture, language, and other relevant local clientele needs. While this finding agrees with Pudelko and Harzing (2006) who noted that localization must begin by engaging local entities, local marketing, legal and human capital firms so as to ensure the business is established on correct legal footing, it concurs with Myloni et al. (2007) who notes that culture diversity and language barrier should never be ignored as they may inhibit adoption of a great product.

Regarding how MNCs localize, the study noted that MNCs in Kenya makes a comparison of product specifications with local requirements, seeks local advice through local officers and partner companies, packages their products to meet local consumer needs, makes product documentation in at least one local dialect (Kiswahili), outsources local localization specialists to guide their localization strategies, and employs local officers in most positions with some key positions held by foreign officers. Wei (2014) established that labor market mobility, location, monitoring by headquarters, are the key factors in HR policy localization. This finding agrees with Myloni et al. (2007) who noted that most MNC human resource policy must target the local professionals to produce goods and services and serve their fellow local clients. According to Lalwani et al. (2006) the major challenge that most internationlizing companies encounter is to meet the demands and expectations of different customers and other numeral stakeholders in the expansive business network.

5.3.2 Strategic Benefits and Demerits of Kenyan MNC’s Localization

Also, the respondents said that localization enhances attainment of brand control and compliance, helps to access marketing opportunities, leads to improvement of channel engagement and increased revenues, as well as help in attaining relevancy for longevity in the market. Hutchings and Weir (2006) noted that an internationalizing company should aim to meet current needs of the local consumers and to evolve with them as they
change. Concerning the strategic benefits and demerits of MNC’s localization in Kenya, respondents said that localization has more benefits than demerits the major reason being that it helps customers to identify with the company and its products; a view held by Porter and Kramer (2006) who posits that if an MNC crafts its strategy appropriately to actually meet the needs of the local consumer it can greatly benefit from the market. This was congruent to the findings of Cullen and Parboteeah (2010) who noted that most MNCs benefit in global markets by optimally utilizing their global assets such as brands, managers, and suppliers of marketing services to build a competitive advantage.

This study noted that MNCs in Kenyan have share of challenges. They include; the fact that local customers are often too demanding, that localization takes a lot of resources, and the fact that it is hard to get competent localization professionals with high technical, language and project management competencies. Sometimes, the costs of localization outweigh the benefit. Palepu and Khanna (2010) noted that international businesses are facing great challenges in the global market nowadays including; corruption, macroeconomic risks such as exchange rate, inflation, unstable politics, insecurity, poor infrastructure, poor distribution channels, inadequate access to capital financing, and poor laws on intellectual property. This finding concurs with Levy and Newell (2011) who notes that it is possible, that the consumers may retain idiosyncratic local consumption patterns that are driven by cultural norms; more so because they are familiar with the local products. To unlock the market Wei (2014) noted that an MNC can incur huge costs.

5.3.3 The Effect of Localization to MNC’s Overall Performance

Regarding the effect of localization to MNC’s overall performance, this study established that localization enhances performance because localization helps to meet target customer’s needs, enhances ties with local distribution channel members hence better financial results. Also, the findings revealed that localization enhances overall cost reduction, optimizes on overall company asset utilization, helps attain revenue targets, and enhances corporate brand image and value in the local market. Mbaire (2012) noted
that localization gives local subsidiary the control over the product quality, company image, reputation, and standards. Also, the company controls the time schedules avoiding losing market opportunities and keeping international users in sync with the latest product releases hence better performance at the local level. This is in congruent with posits of Dunne (2006) who noted that localization does help the organization to attain superior competitiveness either or both in the short-run and in the long-run. In determining the relationship between localization and MNC performance the regression results established a very weak positive relationship between the two variables. To this end, the results agree with the findings of Zhao et al. (2014) who established a positive relationship between both the economic and social aspects like early entry, reliance on local leadership, speedy expansions, local employee growth prospects, and continuous flow of business operations. Kraimer et al., (2011) posits that the localizing companies should leverage the advantages of both the home entity and previously established strategic benefits, yet take the advantage of the local market opportunities.

5.4 Conclusion

5.4.1 How have MNCs localized their strategies to adapt to the Kenyan market

Multinational companies operating in Kenya have applied localization strategies to tap the potential of the Kenyan market. The local MNCs does consider the local politics and laws but to some extent have ignored local cultures and languages. Most MNCs in Kenya makes a comparison of product specifications with local requirements, seeks local advice through local officers and partner companies, packages their products to meet local consumer needs, makes product documentation in at least one local dialect (Kiswahili), outsources local localization specialists to guide their localization strategies, and employs local officers in most positions with some key positions held by foreign officers. This finding agreed with Pudelko and Harzing (2006) but disagreed with views of Myloni et al. (2007) who noted that culture diversity and language barrier should never be ignored as they may inhibit adoption of a great product.
5.4.2 Strategic Benefits and Demerits of Kenyan MNC’s Localization

This study concludes that localization has more benefits than demerits for the reason that it helps customers to identify with the company and its products. Also, localization enhances attainment of brand control and compliance, helps to access marketing opportunities, leads to improvement of channel engagement and increased revenues, as well as help in attaining relevancy and longevity in the market. This conclusion agrees with those of Cullen and Parboteeah (2010), Hutchings and Weir (2006) and Porter and Kramer (2006) who said that if an MNC crafts its strategy appropriately to actually meet the needs of the local consumer it can greatly benefit from the market.

However, localization brings challenges such as excessive demands from local consumers and stakeholders, changing laws and politics, security instability, rivalry, rivalry from local and new international entrants, and incurrence of huge costs. Sometimes, the costs of localization outweigh the benefit and poor planning can lead to complete failure. The finding concurs with Levy and Newell (2011) who notes that it is possible that the consumers may retain idiosyncratic local consumption patterns that are driven by cultural norms; more so because they are familiar with the local products and with Wei (2014) who noted that to unlock the market can cost an MNC huge costs.

5.4.3 The Effect of Localization to MNC’s Overall Performance

This study concludes that localization gives local subsidiary the control over the product quality, company image, reputation, and standards. To this end, localization enhances performance because localization helps to meet target customer’s needs and enhances ties with local distribution channel members. Also, localization enhances overall cost reduction, optimizes on overall company asset utilization, helps attain revenue targets, and enhances corporate brand image and value in the local market. This finding agrees with Dunne (2006) who noted that localization does help an organization to attain superior competitiveness. Also, this study concludes that there is a very weak relationship between localization and MNC performance. This conclusion agree with the findings of
Zhao et al. (2014) who established a positive relationship between both the economic and social aspects like early entry, reliance on local leadership, speedy expansions, local employee growth prospects, and continuous flow of business operations.

5.5 Recommendations

5.5.1 Recommendations for the Study

5.5.1.1 How MNCs Should localize their Strategies to Adapt to the Kenyan market

This study recommends that Multinational companies should know their local market very well through an articulate researcher. In implementing their strategies, they should involve local experts to carry on the research and engage local partner companies and other professionals. Critical consideration should be compliance to the local laws and regulations grow political links, maintain vigilance on local politics and security concerns. Also, HR policies should seek to employ local people. Moreover, local cultures should never be ignored for the MNC to remain relevant and competitive in the local market.

5.4.1.2 Strategic Benefits and Demerits of Kenyan MNC’s Localization

Since localization has more benefits than demerits, this study recommends that MNCs should localize their strategies to since customers to identify with the localized company brands and products. People make repetitive purchases when they identify with the company or its brands. Also, a localizing MNC should control costs of localization by applying ample negotiation with local stakeholders. They should in particular be careful not to engage in corrupt practices as this can adversely affect their reputation either now or in future.
5.4.1.3 The Effect of Localization to MNC’s Overall Performance

This study recommends that the localized subsidiary should ensure to carefully manage and control product quality, brand image, reputation, and company standards in the local market. These aspects are related with overall organizational performance (Zhao et al., 2014). Also, since localization is only one of the factors that can help enhance MNCs overall performance, multiple factors including relevant marketing and sales promotion implemented through appropriate strategies should be applied to enhance organization performance.

5.5.2 Recommendation for Further Studies

The study recommends that further studies should be conducted in detail to determine factors that should be considered to ensure an effective localization strategy in the Kenyan context. Focusing on factors that should be considered to ensure successful localization strategy in Kenya can help MNCs to know what they specifically to implement for successful localization strategy.
REFERENCES


APPENDICES

Appendix I: Data Collection Instrument Questionnaire

Introduction Letter

Dear Respondent,

My name is Sylvia Ng’ethe, and I am pursuing a post graduate degree at United States University (USIU).

I thank you for finding time to participate in this survey on Localization as a Strategic Tool for Multinationals in Kenya. The questionnaire is divided into four sub sections and I would be happy to have all the subsections completed. Guidelines on filling out the questionnaire have been provided for your ease and convenience. The information you provide will be treated as confidential and will only be used for academic purposes. This will take you 15-30 minutes. Again, thank you for your time. Please feel free to supply all relevant information. Ones again, many thanks!

Section A: Personal profile

1. Name of the organization you work for (Optional)……………………………………..

2. How many years have you worked for this organization? ......................

3. Gender                   Male     (   )        Female       (     )

4. Age bracket

   18-24 years   (   )     25-35 years (   )     36-45 years (   )

   46-55 years (   )     56 years and above (   )

5. In your current role, how closely do you rate your participation in influencing/shaping your organizational strategy?

   Very Involved      (      )                             Quite Involved     (      )
   Involved         (      )                             Never Involved    (      )
   Never Involved  (      )                             Not at all       (      )

Working definition: “Localization is the process of adapting a product or service to a particular language, culture, so as to attain a desired local "look-and-feel." It involves modifying your products and their associated marketing communications so they meet the different language, cultural, political, regulatory and legal requirements of local markets around the world.”
Section B: How MNCs localize their Strategies to Adapt to the Kenyan Market

6. In a scale of 1-4, rate the extent to which you agree with the following statements. (Where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree) Please tick appropriately.

<table>
<thead>
<tr>
<th>Our Company’s Products/Services…</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Are tailor-made to local Consumer needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.2 Are only focused on profits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.3 Are quality-driven</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4 Always imitate the dictates of the parent company</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Others……………………………….</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. (A) in your opinion, does your company seek to meet local needs?
Yes (    ) No (    )
(b) Please Explain

………………………………………………………………………………………………
…………………………………………………………………………………………

8. In localizing your company product/service - modifying your products and their associated marketing communications, please rate the importance of the following factors in a scale of 1-4 where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree.

<table>
<thead>
<tr>
<th>Our company majorly considers;</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Local people’s language</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.2 Local People’s culture</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.3 Local market’s politics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.4 Local markets laws and regulations</td>
<td></td>
<td></td>
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<tr>
<td>8.5 Others…………………………</td>
<td></td>
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</tr>
</tbody>
</table>

9(a) in your opinion which of the above factors does you feel that you feel that your company does not considerably give the weight they deserve in order to attain local demands?

…………………………………………………………………………………………
(b) Please explain your answer above

…………………………………………………………………………………………

10 In your opinion, to what extent does your organization follow the following steps in localizing its products/services? Rate in a scale of 1-4 where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree.

<table>
<thead>
<tr>
<th>Our company;</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Seeks local advice through local officers,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section C: The Strategic Benefits/Demerits of MNC’s Localization in Kenya

11(a) in your opinion does localization accrue **benefits** or **demerits** to your organization?

………………………………………………

(b) Please explain your answer above
…………………………………………………………………………………………………………………………..
…………………………………………………………………………………………………………………………..
……………………………………………………………………..

12. In a scale of 1-4, rate the extent to which you agree with the following statements. (Where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree) Please tick appropriately.

<table>
<thead>
<tr>
<th>Localization helps our organization to;</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1 Maintain brand control and ensure brand compliance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.2 Increase relevancy through customization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.3 Improve speed to market</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.4 Reach local prospects with better targeting and personalization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.5 Improves channel engagement and revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.6 Gain access to marketing opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.7 Others .................................................</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13 In your opinion, what is the number one demerit of localizing your organization’s products/services……………………………………………………………………………………………………
14. In a scale of 1-4, rate the extent to which you agree that localization causes the following to your organization. (Where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree) Please tick appropriately.

<table>
<thead>
<tr>
<th>Localization causes</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.1 Increased competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.2 It is a challenge to market to new clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.3 Requires an organization to do more with less resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.4 Finding localization professionals with high technical, language and project management skills is hard</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.5 Local customers are at times very demanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.7 Others ………………………………………………………………………………...</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section D: The effect of Localization to MNC’s overall Performance

15. In your opinion does localization strategy enhance an organization’s performance?
   Yes (  ) No (  )
   (b) Please Explain

16. In your view, to what extent do you agree with the following views in a scale of 1-4 where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree

<table>
<thead>
<tr>
<th>Localization;</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1 Enhances strategy evaluation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.2 Helps to focus employees' attention on what matters most to success</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.3 Enhances communication in the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. In your opinion, does localization contribute to enhancement of your organizations performance?
   Yes (  ) No (  )
   (b) Please Explain
18 To what extent would you associate localization with overall attainment of revenue targets attainment? Please tick one.

Not at all  
Some extent  
Great extent  
Very great extent

(b) Please explain your answer above

19. In your opinion to what extent is localization associated with the following aspects in a scale of 1-4 where 4 is verily agree, 3 is quite agree, 2 is agree and 1 don’t agree

<table>
<thead>
<tr>
<th>Localization;</th>
<th>Verily Agree</th>
<th>Quite Agree</th>
<th>Agree</th>
<th>Don’t Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>19.1</strong> Enhances helps to attain revenue targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>19.2</strong> Enhances overall cost reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>19.3</strong> Enhances overall utilization of company assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>19.4</strong> Enhances corporate brand image and value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. In your opinion, what factor has your organization over-looked in relation to localization?

21 What do you suggest to localizing organizations to help them attain superior competitive advantage?

THANK YOU FOR YOUR PARTICIPATION!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!
## Appendix ii: The 50 Sampled Multinational Companies in Kenya

<table>
<thead>
<tr>
<th>No.</th>
<th>Company Name</th>
<th>No.</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Samsung</td>
<td>26</td>
<td>PZ Cussons</td>
</tr>
<tr>
<td>2</td>
<td>Barclays</td>
<td>27</td>
<td>LG</td>
</tr>
<tr>
<td>3</td>
<td>Standard Chartered Bank</td>
<td>28</td>
<td>Nestle</td>
</tr>
<tr>
<td>4</td>
<td>Diageo</td>
<td>29</td>
<td>Heineken</td>
</tr>
<tr>
<td>5</td>
<td>Proctor and Gamble</td>
<td>30</td>
<td>Huawei</td>
</tr>
<tr>
<td>6</td>
<td>Unilever</td>
<td>31</td>
<td>Coca Cola</td>
</tr>
<tr>
<td>7</td>
<td>Citibank</td>
<td>32</td>
<td>Pepsi</td>
</tr>
<tr>
<td>8</td>
<td>Orange</td>
<td>33</td>
<td>PwC</td>
</tr>
<tr>
<td>9</td>
<td>Airtel</td>
<td>34</td>
<td>KPMG</td>
</tr>
<tr>
<td>10</td>
<td>Google</td>
<td>35</td>
<td>Africa Practice</td>
</tr>
<tr>
<td>11</td>
<td>IBM</td>
<td>36</td>
<td>Deloitte</td>
</tr>
<tr>
<td>12</td>
<td>Hewlett and Packard</td>
<td>37</td>
<td>Ernst and Young</td>
</tr>
<tr>
<td>13</td>
<td>General Motors</td>
<td>38</td>
<td>Biersdoff</td>
</tr>
<tr>
<td>14</td>
<td>Toyota</td>
<td>39</td>
<td>Ecobank</td>
</tr>
<tr>
<td>15</td>
<td>CFAO Motors</td>
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<td>Pfizer</td>
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<td>Symantec East Africa</td>
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<td>Knight Frank</td>
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<td>Cheil Kenya</td>
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<td>18</td>
<td>Wiko</td>
<td>43</td>
<td>Intel Corporation</td>
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<tr>
<td>19</td>
<td>Nokia Siemens</td>
<td>44</td>
<td>British American Tobacco</td>
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<td>Lafarge</td>
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<td>AIG</td>
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<td>21</td>
<td>General Electric</td>
<td>46</td>
<td>Tiger Industries</td>
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<td>DHL</td>
<td>47</td>
<td>Java</td>
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<td>Bollore</td>
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<td>24</td>
<td>Techno</td>
<td>49</td>
<td>Debonairs</td>
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<td>25</td>
<td>Mediterranean Shipping Company(MSC)</td>
<td>50</td>
<td>Old Mutual</td>
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Appendix iii: Research Schedule

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<thead>
<tr>
<th>Activities</th>
<th>Start Date</th>
<th>Finish Date</th>
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<tr>
<td>In-depth literature review</td>
<td>20th Feb. 2014</td>
<td>30th Jul. 2014</td>
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<tr>
<td>Data collection- field work</td>
<td>1st Jan. 2015</td>
<td>15th Feb. 2015</td>
</tr>
<tr>
<td>Data entry</td>
<td>16th Feb. 2015</td>
<td>1st Marc. 2015</td>
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<tr>
<td>Data analysis &amp; Literature review</td>
<td>2nd Marc. 2015</td>
<td>20th Marc. 2015</td>
</tr>
<tr>
<td>Final research Project draft</td>
<td>21st Marc. 2015</td>
<td>25th Marc. 2015</td>
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<tr>
<td>Submission of final copies after revision</td>
<td>26th Marc. 2015</td>
<td>30th Marc. 2015</td>
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### Appendix IV: Study Budget

<table>
<thead>
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<th>Activities</th>
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<td>Topic Development- <em>Initial literature reviews</em></td>
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<tr>
<td>Development of concept paper- <em>Contextual literature review</em></td>
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<td>In-depth literature review</td>
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<tr>
<td>Draft proposal</td>
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<tr>
<td>Final Proposal defense &amp; submission</td>
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<tr>
<td>Review of research instruments</td>
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<td>Data collection- field work</td>
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<td>Data entry</td>
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<tr>
<td>Data analysis &amp; Literature review</td>
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<td><strong>Total Budget</strong></td>
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