EFFECT OF INTERNATIONAL MARKET ENTRY STRATEGIES ON GROWTH OF LOCAL HORTICULTURE FIRMS IN NAIROBI COUNTY, KENYA

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DECLARATION

I hereby declare that this research thesis is my original work and has not been presented for a degree or any other award in any other University or Institution of higher learning for examination or academic purpose. No part of this research should be reproduced without the prior permission of the author or that of the Kenya Methodist University.

Signature.. ....

Victoria Waithera **Date**

BUS-3-2868-2/2014

We confirm that the work reported in this research thesis was carried out by the candidate under our supervision.

Signature….. ……………………………………….

Mr. Simon Mureithi **Date**

Signature…... ……………………………………….

Mrs. Elizabeth Were **Date**

DEDICATION

I dedicate this work to my family for their understanding and support during the study period.

ABSTRACT

The general purpose of the study was to investigate the effect of international market entry strategies on growth of local horticulture firms in Kenya with special focus on firms operating in Nairobi County. The study was guided by the following objectives: To establish the effect of export strategy on growth of local horticulture firms in Kenya; To establish the effect of franchising strategy on growth of local horticulture firms in Kenya; To establish the effect of strategic alliance on growth of local horticulture firms in Kenya and lastly to establish the effect of joint venture on growth of local horticulture firms in Kenya. The study was informed by four theories namely: Absolute advantage theory, International product lifecycle theory and transaction cost theory. This study will use descriptive survey research design. The population of the research was the local horticultural firms in Kenya which were mainly drawn from Nairobi and other parts of the country. According to the Kenya Bureau of Standards, there are 187 firms registered with diamond mark label as of October 2017 from which populations of 123 firms were selected. Primary data were collected through a questionnaire. Descriptive and inferential statistics were used to evaluate respondents' data. The researcher used the most common internal consistency measure known as Cronbach's alpha (α). The recommended value of 0.7 was used as a cut-off of reliabilities and used descriptive statistical tool SPSS and MS excel tools were used to analyze and present the data. The results indicated that exporting strategy, franchising strategy, strategic alliances, joint venture were positively and highly correlated with growth of local horticulture firms in Kenya. Based on the findings it was recommended examination of more market entry strategies into the foreign market for the exploration of the market opportunities. Local Horticulture firms should critically analyze the various strategies at their disposal in entering a new market before making decisions on how to enter the selected market. Market entry strategy plays a very important role in determining the successfulness of the firms. Export strategy should be exercised by a firm who primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion. The study concludes that export strategy, franchising strategy, strategic alliances and joint venture strategy affected growth of local horticulture firms in Kenya. The study also concludes different strategies affected growth of local horticulture firms in Kenya. Joint ventures is seen as more favorable when the partners' strategic goals converge while other competitive goals diverge and lastly joint venture partnership gives business better control over operations and also access to host market knowledge.

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LIST OF ACRONYMS AND ABREVIATION

MNCs	**:**	Multi-National Corporations
MS	**:**	Microsoft
SPSS	**:**	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The international business climate has altered dramatically in latest years through economic globalization and market democratization, leading in a fresh company setting for companies. Economic and political shifts after the late 1980s together with the information revolution and development in communications, transportation and information technology have culminated in the elimination of trade hurdles that influenced the world as a global village. Foreign market entry policy choice involves several global management decisions, main problems of interest include an overall knowledge of the global company setting such as the political legal setting, the social cultural environment, overall macroeconomic variables such as the domestic revenue of the inhabitants, the level of economic growth anda resource endowment of the multiple nations of concern (Shamsuddoha, 2014).

Under the rules of the World Trade Organization (WTO), the democratization of global markets has made commerce in new agricultural products progressively global. This sort of development has been helped by a number of factors, such as altering domestic laws in reaction to the mechanics of the worldwide marketplace, constantly expanding aviation and maritime transport, sophisticated packaging techniques, communications technology, and electronic business. The worldwide commodity price boom from the first decade of the 21st century (2000 to 2010) encouraged many African nations to raise their export rates and helped Africa as a whole to attain respectably higher economic development levels during this millennium (Bayoumi, Laxton & Pesenti, 2014). Many African nations are major suppliers of horticultural commodities. They usually involve Egypt, the Ivory Coast, Zimbabwe and Kenya. Kenya is progressively arising as a major exporter of horticultural products, particularly to the European Union (EU) economies. Kenya, for instance, is the fifth largest exporter of African Caribbean-Pacific (ACP).

This research aims to determine the impact of global market entry strategies on the development of local horticulture companies in Kenya. Shaikh, Zeadally & Exposito (2017) noted that the Kenyan market is flooded with rivalry, making it necessary to venture into global markets. Due to market liberalization, the horticulture sector in Kenya has not been exempted from the turbulent company setting.in order to remain competitive. Because of their closeness, East African nations provide the Kenyan businesses with profitable ground for development. Gachara et al. (2017) analyzes Kenya as a safe company setting, responsive, stable nation with social progress that is centrally situated particularly on the African continent. It also has a favorable environment for agriculture and a growing infrastructure that fastens trade among these countries. The most commonly used strategies to enter these markets are: Greenfields and Greenfield's Investment, Franchising, licensing, Mergers and Acquisition, Exporting as well as Strategic Alliances and Joint Ventures.

1.1.1 Foreign Market Entry Strategies

Root quoted in Stephan and Liozu (2013) describes an entrance strategy as an organizational agreement that a company utilizes to sell its commodity in a global market. In the first three to five years, that is usually the duration of moment it takes a company to fully enter a foreign market. Companies are exploring overseas markets for multiple purposes such as initiating foreign market exploration in reaction to unsolicited consumer orders in those industries. Several others in the meantime try to create a company to cover production costs at home, diversify its corporate holdings, reap the benefits of national or global economic or political modifications or tap into an increasing or new market.

The main elements of any overseas market include the population, physical, socio-economic and legal climate (Aulakh, Kotabe & Teegen, 2011). With opening of boundaries to trade and foreign direct investment, globalization creates possibilities and pressure for national companies in developed market countries to enhance their competitiveness. Anderson and Gatignon quoted in Sol, Patricio and Kogan (2017)argue the key factor in weighing overseas market entry options is the amount of control that the company would have over the operation. Control was described as the capacity to impact systems, techniques and choices. Internationalizing of small companies is essential for marginal and semi-core financial regions. In several areas, legislators are seeking to promote and assist in internationalization of companies via state-funded export support organizations.

As the international trade grows, the business may opt to supply some parts from abroad and optimize much of its products. As Ibraiz,Briscoe and Schuler (2015) point out, if a certain critical mass arises, the firm has to choose other, more complicated approaches to tackle the global market. As the global influence of a business improves, almost always a multi-domestic develops. According to this approach, the firm establishes operations in many nations that tend to function separately from one another and often comparatively separately from headquarters.

This sort of approach stresses local robustness, but is often accomplished at the expense of cost and potentially quality. Therefore, major options for entry include exporting, licensing / franchising, joint venture. Exporting includes a business selling its physical goods to the destination nation beyond the target nation (Tallman, 2015). Licensing and franchising agreements are non-equity partnerships between a global business and a partner in the hosting country where technology or management systems are transmitted to the host party. A joint undertaking is an arranger. A joint venture is an agreement requiring the company to share capital and regulate the venture with a host country affiliate. An extra entry option is complete ownership of equipment in the host nation, by which the parent business takes a 100 percent equity interest in the foreign nation undertaking. Complete ownership may require either purchasing a current company or Investment in latest equipment in the host nation. Some entry methods, including exporting and licensing, are connected with low concentrations of operational and commercial control, but also are correlated with reduced levels of danger. Other entry methods such as joint ventures and complete ownership of equipment, in the other hand, require further control but extra risk (Stevens & Kennan, 2015).

Global Business includes doing company in geographically dispersed fields. Due to the development of' large multinational corporations, international company has also acquired higher visibility over the years. Communication is essential in global business owing to the geological and physical separation between market(s) and provider. Those engaged in international business. In the present arena, international trade is global in scope or regional in scope, but technology progress has allowed multiple businesses and countries to do company irrespective of geological separations. Companies that share similar values of discovering markets or doing company globally have introduced policies that best allow them access markets or carry them efficiently carry out their businesses. Thereby, there can be numerous entry techniques that companies have customarily had been doing business globally. Porter utilizes the word alliances to describe a whole range of arrangements which include joint ventures, permits, long-term supply contracts and other types of inter-company interactions. Global business theories show that strategies generate a competitive edge for a company.

1.1.2 Horticulture firm growth

Growth is considered a firm's second most significant objective, the most significant being company survival. Failure to concentrate on development is a main reason for most companies to decrease and eventually collapse, many other studies have been conducted in the same (Tantong, Karande, Nair & Singhapakdi, 2012).Of the variables investigated in other nations include education level, market access, laws on facilities and government, corruption, administrative and operational limitations. Some of these variables have not yet been researched extensively in Kenya. Therefore, this research seeks to investigate the impact of the global market entry Techniques for the development of local horticultural companies in Kenya with a particular focus on companies operating in Nairobi County.

Before going overseas, it is common for the company to first extend activities in the markets of the home country. This could be performed in many other ways, and same activities can also be performed on a bigger scale. Internal development can involve several changes and/or activities. Internal growth can mean several improvements and/or operations implemented within the company in order to increase sales, revenue and profitability of the company. Increasing market penetration could be achieved by greater marketing efforts or increasing production capacity and efficiency, which both can lead to increased sales (Barringer, Jones & Neubaum, 2017). Geological growth is regarded when the business is unable to grow at the current place but has reason to think that the product / service draw customers at other locations as well. Business-owned outlets involve big capital and immediate management on all elements of the company, making this a slower way to grow in size and a slower return on investment opposed to franchising. When opening a business-owned unit in some other location, the manager must scale between the existing unit and also the new unit. This may trigger a lack of commitment to the initial unit and may be detrimental to company activities. On either side, there are no middle men in between if / when earnings begin to flow in (Barringer, et al., 2017). Until the business has evolved from the inside and wants to grow even larger, the business may reach global markets and pursue opportunities for growth with other businesses. External development policies are focused on creating a partnership with third party companies, for instance via mergers, acquisitions, strategic alliances, joint ventures, licensing and franchising (Barringer, et al., 2017).

Company development is a way to implement policies for global market entry. If a company wishes to develop and thrive in a dynamic sector, it requires to integrate approaches to be more effective. Growth is, in this context, a challenge that a company must fulfill by implementing the suitable approach. Expansion to a foreign market is inevitable for companies that want to create and retain competitiveness. Using the suitable global market entry strategy is rapidly to become a key factor in business performance and survival as a consequence of the development of the competitive setting. Despite the significant role that SMEs play in encouraging growth and jobs possibilities, the development of these businesses has gained only scant attention, hence the need for more studies in the region. In order to accomplish the role as a creator of new employment, firms should realize access to foreign market (Stevens & Kennan, 2015).

1.1.3 Horticulture Industry in Kenya

The Kenyan horticultural export is a success story in the African agriculture. The horticultural sector has grown in the last decade to become the second largest earner of foreign exchange, employer and contributor to food needs in the country (Kenya National Bureau of Statistics [KNBS], 2013). Currently the horticulture industry is the fastest growing agricultural sub sector. Kenya's tropical and temperate climatic conditions make it favorable for production of wide range of fruits, vegetables and flowers. Kenya is currently ranked the largest supplier of cut flowers to the European Union and is also the second largest horticultural exporter in the sub-Saharan Africa after South Africa and the largest developing country supplier of vegetables to the European Union after Morocco (Central Bank of Kenya [CBK], 2010).

The horticulture export sector has experienced rapid growth since 1966 because of the active role by the private sector and minimum government interference. The European Union is the largest consumer of Kenyan horticultural exports which include green beans, snow peas (mange-touts), runner beans, okra, chillies, avocados, mangoes, and cut flowers as a result Kenyan horticultural exports to the European Union accounted for 45 percent of the total exports in 2012. Main cut flower growing areas include Lake Naivasha, Thika, and Limuru- Kiambu regions. Most of the flower production companies have their own flower farms. These companies grow, harvest, pack and transport cut flowers to airports for export. Vegetable exports registered the highest growth in monetary terms, bringing an increase of Sh1.67 billion to stand at Sh11 billion for the first six months of this year (Kenya Horticulture Competitiveness Project [KHCP], 2013).

In recent years, horticultural export growth has declined. The quality of production has also declined following a reduction of the role of exporters in supporting production by small-scale farmers. This has reduced Kenya's competitiveness in the horticultural export market at time when the sector is faced with increased competition from other producer countries. The reform of the European Union Common Agricultural Policy (CAP) and other emerging issues in the on-going negotiations on the Agreement on Agriculture (AOA) at the World Trade Organization (WTO) present other pertinent issues as concerns expanded export horticulture. Trade in fresh horticultural products has become increasingly global. The trade is vertically integrated through contracts rather than control and ownership of the means of production (KHCP, 2013). This trend has-been encouraged by a liberalizing international and national regulatory framework, associated with World Trade Organization (WTO), International Monetary Fund (IMF) and the World Bank policies, and has been further facilitated by improvements in communication and packaging technologies.

1.2 Statement of the Problem

The horticultural export sector has been recognized as a significant region to create revenue, currency trading, and push farmers out of poverty in developing nations (Tantong et al, 2012). Over the past decade, Kenya's horticultural industry has got a lot of attention owing to the fast and sustained development of its exports to Europe (Dolan, Humphrey & Harris-Pascal, 1999). The capacity for development of horticultural company in developing nations, including national and export sales of cut flowers and crops, is unlimited as long as the nation extends the output of current products as well as the product variety (KHCP, 2013). Moreover, a research by Muse, Njeru and Waiganjo (2016) and consequently cited by several writers showed howlocal horticulture firms are struggling in terms of growing their market share internationally as they hold only 18%, signifying their dismal performance in the foreign market compared to Egypt, Ivory Coast, Zimbabwe. Local horticultural companies are attempting to expand their share of the market globally as they represent only 18 percent, reflecting their underperformance in the overseas market compared to 23, 20, 22 and 19 percent in Egypt, Ivory Coast and Zimbabwe respectively.

Gathigia, (2016) warns against the shrinking market share of the local firms in foreign countries despite the availability of ready market for the horticultural products which will result in shutting down of local horticulture firms and subsequently affect the sector leading to loss of employment and consequently hurt the whole economy. Based on Gathigia, (2016) and Muse et al., (2015) recommendation to horticulture firms to adopt international market entry strategies to enhance growth. This study embarks to investigate the influence of international market entry strategies on growth of local horticulture firms in Kenya. Locally studies that border a similar concept include Melioth (2014) who did a case study of Uchumi Supermarkets on attitudes of selected stakeholders towards market entry strategies followed by large scale retailers in Kenya and Wanyande (2015) who carried out a study on application of international market strategies by commercial banks in Kenya. This study will therefore sought to fill the existing knowledge gap by specifically focusing on local horticulture firms in Kenya.

1.3 Purpose of the Study

The general purpose of the study was to investigate the effect of international market entry strategies on growth of local horticulture firms in Kenya with special focus on firms operating in Nairobi County, Kenya.

1.4 Objectives of the Study

The study was guided by the following objectives:

i. To establish the effect of export strategy on growth of local horticulture firms in Kenya.
ii. To ascertain the effect of franchising strategy on growth of local horticulture firms in Kenya.
iii. To assess the effect of strategic alliance on growth of local horticulture firms in Kenya.
iv. To determine the effect of joint venture on growth of local horticulture firms in Kenya.

1.5 Research Questions

The study sought answers to the following questions:

i. What is the effect of export strategy on growth of local horticulture firms in Kenya?
ii. What is the effect of franchising strategy on growth of local horticulture firms in Kenya?
iii. How does strategic alliance affect growth of local horticulture firms in Kenya?
iv. What is the effect of joint venture strategy on growth of local horticulture firms in Kenya?

1.6 Justification of the Study

This study outcome is intended to provide information required by the Ministry of industry, trade, department of international trade, Private sector foundations, Small and

Medium Scale Associations and other policy makers, international agencies like donors in making informed decisions not only on why firms enter foreign markets, but also more importantly on how they grow. The department of international trade will find the results of this study very relevant in developing policies that promote horticulture sector as a key growth area towards employment creation, reduced poverty and stimulate growth. Specifically, the intended beneficiaries of the research project are: Government, private sector focused foundations and policy makers.

The study is of value to owners and managers of local horticulture firms in Kenya as the recommendations made will assist them in their long term development and growth. The choice of the horticulture sector is premised on the fact that this sector has historically been the backbone of the economy of Kenya contributing the largest share to the GDP. However, with the changes in the global environment this sector is expected to act to maintain its large share of the GDP. This sector also has a direct impact on many other downstream industries. The study will contribute to the generation of new knowledge and close gaps on effect of internationalization market entry strategies on growth of local horticulture firms in developing countries.

1.7 Limitations of the Study

The major limitation was lack of cooperation from the local horticulture firms' management as some might not perceive benefits they can derive from the research. Some suspected that the research was meant to unearth their unethical practices or to provide information for competitor activity. However, the use of university identity card and introductory letters from the industry associations helped reduce suspicions.

1.8 Delimitations of the Study

The study focused on local horticulture firms in Kenya and therefore conclusions drawn were not based on the entire population of the firms but only on a sample. In order to assure manageability of the collected data, survey instrument mainly use five point Likert scale levels.

1.9 Assumptions of the Study

In the study the following assumption were made:

i. The study variables namely the joint venture strategy, direct export, franchising strategy and strategic alliance affected growth of local horticulture companies in Kenya.
ii. The researcher would get full support from the respondents in the process of collecting data.
iii. The data and information sought by the researcher would be readily available and easily accessible.
iv. The respondents would be honest in providing information to the researcher.

1.10 Operational Definition of Terms

The study was based on the following basic terms as defined.

Joint venture This is where a local firm creates and jointly owns a new legal

strategy	entity through equity investment or pooling of assets; partners form joint ventures to share cost and risks, gain access to needed resources, gain economies of scale and pursue long term strategic goals (Cavusgil,Knight, Riesenberger, Rammal & Rose (2014).
Direct export	Is “where a company takes full responsibility for making its goods available for the target market by selling to the end users normally through its own agents (Theodosiou & Leonnidou, 2013)
Franchising strategy	Is an ongoing business relationship where one party (The franchisor) to another (The franchisee) the right to distribute goods or services using the franchisor’s brand and system in exchange for a fee.
Strategic alliance	Is a contractual, temporary relationship between companies remaining independent, aimed at reducing uncertainty around the realization of the partners’ strategic objectives (for which the partners are mutually dependent) by means of coordinating or jointly executing one or several of the company’s activities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section describes market access strategy as a scheduled technique of providing and distributing products or services to a target market. In addition, there was a review of multiple theories that guide the research. The conceptual framework is described using a model chart that reflects important variables and linkages and interactions between factors, gaps in operationalization and study gaps.

2.2Theoretical Review

2.2.1 Absolute Advantage Theory

The absolute advantage principle relates to the capacity of a group (an entity, or nation) to create too much of a good, good or service than rivals, using the same quantity of funds (O'Sullivan & Sheffrin, 2003). Adam Smith first defined the concept of absolute advantage in global trade, using labor as the only input. Since absolute advantage is ascertained by a direct comparison of labor productivity, a party could have no absolute advantage in something; in that case, as per the theory, there is no trade with the other party (Harrington, 2009). It can be compared with the notion of comparative advantage that relates to the capacity to generate particular products at a reduced opportunity cost.

In reference to Smith (1976), the primary notion of absolute advantage is usually ascribed to his publication “An Inquiry into the Nature and Causes of the Wealth of Nations” in which he opposed mercantilist thoughts of Marrewijk. Smith asserted that it was difficult for all countries to become wealthy concurrently by pursuing mercantilism, because one country's export is the import and export of another country and alternatively, it indicated that all countries would benefit at the same time if they exercised free trade and differentiated in compliance with their complete benefit (Smith, 1976). Whereas trade benefits with complete benefit are feasible, benefits might not be collectively useful. Comparative advantage relies on the spectrum of potential mutually advantageous exchanges. This theory is relevant to the current study since it facilitates the achievement of the first specific objective that seeks to establish the effect of export strategy on growth of local horticulture firms in Kenya.

2.2.2 International Product Life Cycle Theory (IPLC)

Vernon (1999) and his colleague Wells (1972) created the International Product Life Cycle Theory (IPLC) to clarify the trends of international trade in marketing literature. The theory became the most helpful theory in describing the global growth of manufacturing and sales businesses. Because of this, there was precious assurance in cleaning up certain types of FDI (Albaum,Duerr & Strandskov, 2005). This is majorly accredited to fast technological progression and the development of international innovativeness. In terms of agreeing to product life cycle stages in the domestic market, there is little incentive for substantial export before the start of competitive growth.

This is largely linked to changes in technology advancement and the growth of global innovation. There is little incentive for significant exports before the beginning of competitive development in terms of agreeing to product life cycle phases in the national industry. IPLC says that' efforts linked to the production and initialism of the product's life cycle come from the region" (Vernon, 1999). Innovative countries of the existing products are initially exporters across the development during which several goods experience a trade cycle. Innovative countries then lose their competitive benefit to their trade partners and eventually to become product importers a few years later resulting in the need for a strategic alliance. This theory is relevant to the current study since business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving becomes a common objective. This theory then facilitates the achievement of the third specific objective of the current study that seeks to assess the effect of strategic alliance on growth of local horticulture firms in Kenya. The use of strategic alliances as an international market entry mode has increased as firms increasingly recognize the necessity to for foreign help.

2.2.3 Transaction Cost Theory (TCT)

In many other cases, Transaction Cost Theory (TCT) attempts to explain business transaction expenses (Brouthers & Hennart, 2007). In terms of transaction cost theory, organizational boundaries remain chosen by businesses opting for the power organization that decreases transaction costs in booming achievements (Williamson, 1987). TCT is based on double interactive projections that include limited objectivity and amorality. In addition, three characteristics that include internal and external ambiguity, asset specificity and task rate of relapse effect operating costs thus having a significant part in the choice of governance framework (Williamson, 1987).

In addition, Anderson and Gatignon (1986) argue that the selection of entry strategy is a trade-off between control and resource duty. Businesses manipulate the market in the event that the transaction overhead in a particular foreign market is truncated. As such, the default entry strategy under the price perspective of the transaction is a little resource pledge technique that involves exporting. The need for control is higher in circumstances where operating transaction costs are advanced in most outdoor markets. Therefore, businesses have a duty to participate in entry techniques including sophisticated resource engagement that consists of creating a subsidiary abroad (Williamson, 1987). As a result a joint venture or a franchising strategy becomes relevant and companies from at least two distinct countries, usually one being local, establish a new company to produce products or provide services jointly. Transaction cost theory therefore explains how a joint venture or a franchising strategy can determine the growth of an enterprise.

2.2.4 Environmental Dependency Theory

This theory was established by Aldrich & Pfeffer in 1976. Each organization is created with particular aims and goals in mind. For company organizations, their strategic orientation is guided by three financial objectives, even if they are not explicitly indicated in their stated mission. These are growth in survival and profitability. Organizations, however function in a vibrant setting and need to adapt and react properly and the need for strategic management (Pearce & Robinson, 2003).

In order for an organization to function effectively, it must create a balance between itself and environment in which it functions. The environmental forces could either be the inner multidimensional operations, the instant external action of a company, the instant internal environment of a company or even the distant internal environment contributes to the complexity of the company setting. Furthermore, all environmental factors are mostly expected, controlled, evaluated and implemented into top-level decision-making. Any institution's achievement and ability to survive relies on how it can relate and competitively position itself in the environment (Pearce & Robinson, 2003).

Jackson and Morgan (1982) argue that when the company external environment changes, organizations need to find a way to survive, and those who are effective in their transition can use any of many possible options. Mintzberg (1979) argues that an institution is composed of systems that define its multiple components and the distinct tasks it conducts in the setting to achieve its objectives. As a result of self-awareness, an organization converts itself and was to reap the benefits of changes in the environment. There are all business forms in an open platform. This implies that they affect and are mainly over and above their power due to internal circumstances (Pearce & Robinson, 2003). It therefore calls for all organizations irrespective of the industry where strategic policies are to be developed in reaction to this volatile environment. This has allowed them to compete. Continuous monitoring of the inner and external setting is a prerequisite for efficient strategy reactions to maintain abreast of all environmental factors underlying the company's present and future company activities (Thompson & Strickland, 2003).

2.2.5 Theoretical Framework

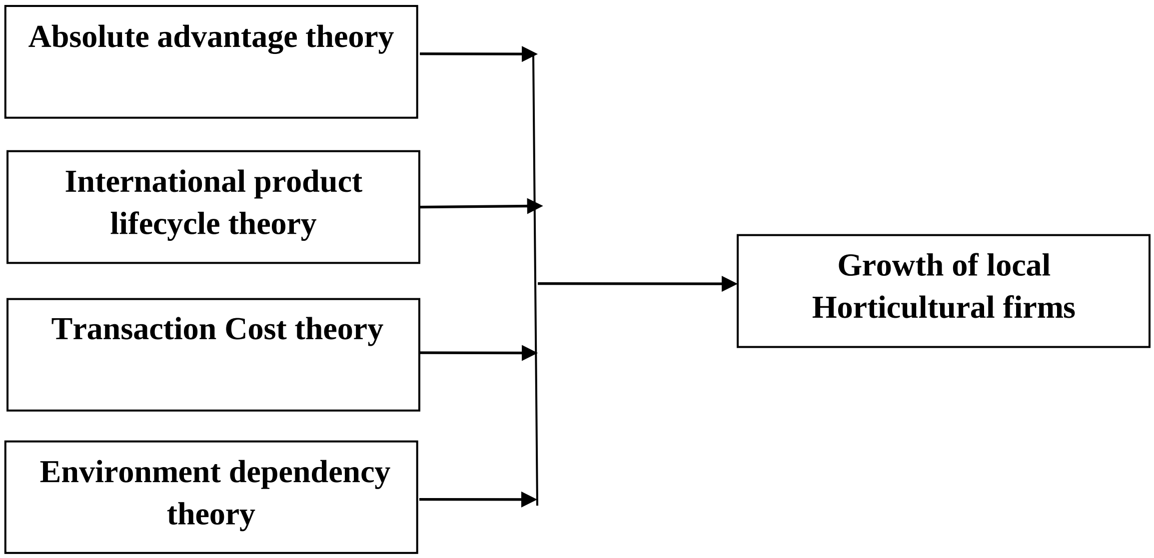

Figure 2. 1: Theoretical Framework

2.3 Empirical Review

2.3.1 Exporting Strategy

Exportation is by far the most conventional and very well-established type of international market operation. This can be described as marketing products manufactured in one nation to another. A reactive exporter prepares orders or comes across them by circumstance whereas an active exporter creates business strategies which provide a wide and clear image of what the company intends to do in the overseas market. Those aggressive companies have obviously described plans and strategies, including components of product, price, promotion, and distribution and research. Exporting techniques involve directly or indirectly exports (Amit & Srivastava, 2013).

Terpstra and Sarathy cited in Ansoff, Avner, Brandenburg, Porter and Radosevich (2014) assert that such a technique of overseas market entry includes the exporting company employing an autonomous organization, which in effect becomes the manufacturer's export department. This method of market entry is more probable to be exercised by a company that considers global markets mainly as a means of disposing of surplus manufacturing or a company with restricted funds available for international use expansion. Indirect exporting becomes the natural first step for newcomers to the international arena as it needs limited economic and management dedication opposed to direct exporting. The primary benefit of indirect exporting is that it gives access to overseas markets without any of the intricacies and dangers of straight export. Many drawbacks include: it provides less power over how, when, where and by whom the products are sold, the abilities and tell-how produced through direct export encounters are collected outside the company but not in it (Bankole & Fidelis, 2017).

Direct exporting happens whenever a producer or exporter sells exclusively to an international market importer or buyer. The distinction among indirect and direct exporting is that in latter the producer conducts the job of exporting instead of assigning to others. The exporting company covers all aspects of the export phase from marketing research and paperwork management to overseas allocation and billing receipts. A business may participate in direct exports if it wishes to create a more lasting position in global markets. The merits of direct export typically involve: higher prospective profit, a more comprehensive approach, higher control over market choice by the exporting company, enhanced reviews on employee results products, And the chance to develop global marketing knowledge. Down sides include: the business requires to devote time, staff and business resources than indirect exports demand (Barry, Bryan & Jeffrey, 2013).

Exporting is generally the most popular entry approach option for companies which are in their infancy stages of economic integration as there is a restricted want for understanding of the overseas market and dealings, costs are smaller, very versatile and danger is not that high in comparison to for instance as a foreign direct investment (FDI) or a holding company. The explanation why there is such a restricted need for understanding of the overseas market, flexibility and why costs and risks are also smaller is that the local company maintains its understanding production operations in its domestic market but advertising, delivery and sales operations are handled on the export industry generally by an interim organization including an agent or retailer. There are many export pathways accessible to companies; furthermore, they can be split into three main kinds: immediate export, implicit export, and collaborative export (Bashaer, Sanjay & Singh, 2016).

Direct export relates to selling services or products straight to an autonomous middleman, that can either be an agent or retailer located on the overseas target audience. An officer and a supplier are autonomous mediators in the global supply chain but they're not precisely the same thing. Almost all constitute an exporting business and sell its products, but also an agent is given the commission from either the exporter's facilities while the distributor purchases the goods from the exporter, stores them, sets the sales circumstances separately and sells the goods to whatever client s/he chooses (Bedanand, Rahat & Yvette, 2014).

An agent business would not concern regarding funding, advancement or distributing rates; this is performed between both the exporter and the client. A merchant purchases the item from either the exporter on their own account, stores it and offers it for the amount they believe is most lucrative for them. So how does an exporter understand what sort of autonomous middleman to use? Every exporter should assess the abilities of the applicant company meaning experience and expertise as well as the capacity to efficiently promote the products of the exporter. Also, knowledge of the product and the target market, necessary margins, credit ratings and customer care facilities are factors to be taken into account when assessing the candidate. An exporter can discover a middleman from sources such as requesting prospective clients to advise an agent, trade associations, chamber of commerce and public trade departments like FINPRO in Finland, business organizations, requesting for a rival's agent, marketing in trade papers / journals and trade fairs (David, Lokman, John, Lanita & George, 2012).

Indirect export occurs when an exporter utilizes autonomous export organizations situated in their own nation to export their products overseas. Therefore, it could be said that the company does not effectively participate in global marketing operations as its goods are carried overseas by others. The indirect export technique is generally used by companies with restricted global expansion targets expansion objectives want to dispose of surplus production or have not enough resources to go international by themselves and want to enter carefully without having to commit too much at the beginning (Debby, Bambang & Vaughan, 2015).

In other words, through indirect exporting a firm has the opportunity to utilize the experience and resources of other more experienced exporters to expand its business internationally with little commitment, control and risk. There are five main entry modes of indirect exporting which are export buying agent, broker, export management company (EMC) also called export house, trading company, and piggyback which is an abbreviation of ´Pick-a-Back´. The export buying agent is a representative of foreign buyers who is located in the exporter´s home country. This agent works for the buyers from abroad as a hired purchasing agent and thus it gets a commission paid by the buyer. The main task of an export buying agent is to scan the market for a specific product it has been demanded to buy and then send specifications to manufacturers inviting offers. From the point of view of an exporter using an export buying agent is an easy way to export because the movement of goods is usually done entirely by someone else rather fast payment is usually guaranteed and there is very little credit risk involved. The only thing the exporter has to do is to fulfil the order/s according to the specifications (Dibrell, Craig & Neubaum, 2014).

A broker is also an agent situated in the home country of the exporter and its main responsibility is to bring a seller and a buyer together so it basically handles the contractual functions. A broker gets a commission of about 5 per cent from the organization/firm that has contracted it. The downside of a broker is that it concentrates in particular products or types of product so its operating range is not that wide. Thus, for an exporter this is not a good thing as it is not a very practical option. The export management companies are companies who are specialized in exporting and they work for many companies. This means that an EMC can disseminate its selling and administration over more companies and products and also reduce transportation costs because of the economies involved in making large shipments of goods from various companies. The trading companies operate in many areas of the international business, yet their trademark is the range of financial services offered such as loan guaranteeing, issuing of promissory notes and foreign exchange transactions just to mention but a few. Also other operations, such as counter-trade activities are another distinguishing operation they conduct. However, the main activity for a trading company is to find a buyer for the products that have been taken in exchange (Federico & Cristiano, 2012).

As for last, as Albaum et al cited in Haddadi and Yaghoobi (2014) explain, a piggyback marketing/ piggyback export method refers to the situation where a carrier (the manufacturer) uses its foreign distribution facilities to sell another firm´s (the supplier) products together with its own. The carrier can be paid by commission and so it acts as an agent, or it can buy the product directly and so act as a distributor. This type of method is usually used for products that come from distinct companies that are non-competitive, yet related, complementary (allied), or unrelated.

Cooperative export/ export marketing groups According to Hollensen cited in Haifen, Mengya and Jingqin (2017) the export marketing groups are formed by a group of manufacturers who want to enter export markets, but who have limited resources and skills to do so by themselves. For this reason these manufacturers form these export marketing groups, which means that each have their own upstream functions meaning R&D and production, but they cooperate in the downstream functions through a mutual foreign-based agent. The downstream functions refer to marketing, sales and services.

2.3.2 Franchising Strategy

Franchising is a type of contracting where a business can promote its services and products by getting quasi-independent business operators known to as the franchisor. They pay a parent business, the franchisor, charges and royalties in exchange for the right to use their trademark, sell their goods or services. This involves the franchisor offering advertising programs and brand management guidance. Franchising involves two basic types of schemes that enable franchisees to profit from the identity of the parent company. At first there is the franchising of the trade name that includes being connected with a branded product. The distributor utilizes the company's trade name and registered trademark. The second form is the company model of franchising that is a market entry mode involving a link between the two the entrant (the franchisor) and the host nation company by which the incumbent transfers, under an agreement, a format company package created and owned by the latter (Hassan, Woosang & Mark, 2012).

Franchising includes a higher control component. The legal agreement offers the franchisor with a high level of control over operations of the franchisee, thus allowing the franchisor brand image to be globally maintained and protected. The primary benefit of franchising being that it provides a fast way for a business to access an international market whilst also offering a comparatively affordable mode of entry (Ing-Long & Jian-Liang, 2014).

Franchise can be called a current company relationship where the franchisee has the right to distribute the company's products by franchisor that use the latter scheme and brand at a certain fee (Arasa & Gideon, 2015). In this case, franchising helps the company to continue growing into another industry by using the copyrights of the franchisor and the owner-operators passion and resources of the network. Most of the franchises are created to achieve different aims.

To begin with, some are performed as being useful because franchising is not permanent, so it can be terminated whenever incase needs arise. In addition, with the exception of partnerships in which each partner is assigned equal duties, franchising only requires into account the responsibilities agreed and signed in the franchise Agreement (Coase, 2017). Franchising has therefore acquired popularity amongst most overseas business takers as it allows companies to have easier market penetration owing to exchanging ideas and expertise. Therefore, opposed to the companies that only operate solely, those that are franchised are most likely to outperform them. This has seen even micro-enterprises develop into multinational organizations owing to enhanced understanding. This has seen even micro enterprises grow into multinational organizations due to the increased knowledge of the foreign market situations and being able to curb the intense competition (Denis & McConnell, 2003).

Franchising is a business model for building a position in overseas markets (Bashel, 2010). It is an independent business relationship distribution network which not only enables the sharing of brand identity but also offers a powerful marketing and distribution system. Franchising is based on mutual contract between two sides which is the franchisor and the franchisee. Companies generally opt for franchising for a variety of reasons like easier market presence, increased manufacturing, unique markets or higher levels of competence (Bashel, 2010). Franchising has extended quickly over the last five decades and is expected to cater for more than a third of the world's sales (Holmes and Lofstrom, 2003).

The social network perspective of franchising as described in the theory of internationalization recognizes that firm internationalization depends on both firm related advantages and networking activities and alliances. Firms that share a common goal of finding markets or doing business internationally, have implemented strategies that best enable them to access the markets or effectively carry out their businesses (Johansson &Mattson, 2008). Porter (1980) uses the term alliances to encompass a whole variety of arrangements that include joint ventures, franchising and other kinds of inter firm relationships. Environmental dependency theory states that organizations operate in a dynamic environment and they need to adapt and respond appropriately hence the need for strategic management (Pearce & Robinson, 2003).

Quite a number of Studies have been done on the franchising in the fast foods sector. For instance, Eisenhardt and Schoonhoven (2014) studied the impact of franchising on the fast food sector. On the other hand Denis and McConnell (2003) studied and found that the right choice of foreign entry is very vital in transforming the fast food sector. Walton-Roberts, Beaujot, Hiebert, McDaniel, Rose&Wright (2014), while referring to the role of franchising in business management amongst Indo-Canadian entrepreneurs argue that the use of technology and globalization are central tenets of the establishment and sustainability of franchise business. Ndeto (2013) conducted a study on the factors affecting franchises in the fast food industry in the United States. The results of his study indicated that government regulation and bureaucracies are the main challenges facing the development of franchises in the United States. The cost of capital was however not found to be a challenge.

Banerjee & Duflo (2008) in their study on franchises around the world conclude that franchises have gained prominence in the twenty first century because of people's entrepreneurial spirit and the ease of forming a franchise. Most franchisees run ventures mostly because of the low capital requirements and the goodwill associated with renowned brand names.

Franchising is comparable to licensing even though it encompasses extended time commitment. With a comparatively little capital investment, franchising bids the potentiality for fast development. While having the ease of knowing that each location is being worked on by an independent business owner, franchise firms tend to keep in mind a momentous level of control over the use of their brand and system. Furthermore, in franchising, more or less of the rights are sold by the franchisor so as to be used in branding their name in return for a lump sum and share of their franchisee forthcoming revenues. Franchising is a market entry approach besides a hybrid way of brings together the industry by instituting a rapport between the agency and the franchisees (Jamil & Hasnu, 2017).

On the other hand, franchising is an influential exemplary that has a confirmed history of assisting business possessors and individuals to comprehend their dreams. Franchising encompasses the coming together of parent companies and numerous small businesses. Parent firms trade to the smaller companies the right to mete out their products or use their trade names and processes. In almost all cases, a contract governs the recognition of agency affiliation among the company's parent and the franchisee which is referred to as the franchise contract. The indenture outlines the terms and state of affairs of the agency and the duration of the relationship. Furthermore, Mbindyo (2013) adds something that others are willing to pay for, such as a name, set of products, and the availability of willing and able franchisees is mostly fruitful in cases where franchise calls for their control.

Franchising is a more developed form of licensing where the owner, the franchisor, gives the right to an investor/entrepreneur, the franchisee, to use a complete business concept, brand goodwill and business strategies in return for compensation, usually royalties, which are a certain percentage of the revenues. As with licensing, a clearly defined contract determines the terms of the relationship. McDonald´s and Subway are good examples of enterprises which use franchising for their businesses. There are two major types of franchising that are product and trade name franchising and business format franchising. In the product and trade name franchising suppliers make contracts with dealers to buy or sell products or product lines. In the business format franchising the franchisor gives, under the conditions of the contract, a whole business format/ business concept to the host country franchisee or master franchisee. The transfer system of the business concept can be set up to be either a direct or indirect system. In the direct system the franchisor controls and coordinates directly the activities of the franchisees whereas in the indirect system the master franchisee is the one who has made a contract with the franchisor and has its own subsystem of franchisees in its own country. The master franchisee can be called as a sub franchisor in this case (John & Dave, 2016).

The main advantage of using the direct franchising system is that the franchisor has more control over the franchisees in the host country and so it has more control over its foreign market operations. Another additional factor is that the franchisor can better evaluate, coordinate and support the franchisees than with the master franchise system. The main difference between licensing and franchising is that in licensing the owner gives permission of using its intellectual property, for a certain period of time, to another firm in return for compensation, whereas in franchising the owner gives permission of using an entire business concept in exchange for compensation. Another difference is that in licensing the licensor, the owner, provides information and assistance to the licensee until the licensee completely understands its role, but in franchising the franchisor, on top of remitting an entire business method with production, marketing methods, sales systems, procedures, know-how, and intellectual property; it provides the franchisee with on-going support, training, incentive programs, and the right to participate in cooperative marketing programs (Kevin, 2017).

2.3.3 Strategic Alliances

A strategic alliance can be defined as a business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving a common objective. A strategic alliance could be described as a company partnership between two or more firms to work out of joint need and share risk in reaching a common goal. The use of strategic alliances as a global mode of entering the market has risen as companies progressively recognize the need for foreign assistance.

Kuldip Sangwan and Bhamu (2014) outline three distinct kinds of strategic partnerships: technology-based alliances: where businesses share technology capacities in these partnerships, manufacturing-based partnerships: where manufacturing facilities and capacities are shared between companies with cost reduction component linkages, and lastly and distribution-based partnerships: where businesses form partnerships with those alliances with an emphasis on distribution. The disadvantages of strategic partnerships typically involve: considering any cultural differences that may arise around them, the parties concerned should be able to work together effectively. Disparities in management styles can cause an issue, and conflicts can also happen at each party's perceived point of significance. It is essential for a business in this ever-evolving competitive globe to choose the most appropriate strategic fit associate. When choosing a partner, several factors must be regarded such as strategic compatibility, partners in forming a joint venture need to have the same overall objective and comprehension. Strategy differences produce more interest disputes in the subsequent partnership. Complementary skills and resources is another key criterion as the partners need to contribute more to the undertaking than just capital. Each partner must contribute some complementary abilities and resources. The relative size of the business, different sizes of businesses may result in the dominance of one business or an unfavorable contract for long-term operation, financial capacity; partners can produce enough economic resources to retain the venture's efforts, which is also important for long-term partnership (Lauriane, Rachel & Elodie, 2016).

It is possible to form strategic alliances at seven levels. Companies that are active in the same business area form horizontal strategic alliances. This implies that the alliance partners used to be competitors and work together to enhance their market position and market power over other rivals. High-tech research and development collaborations of company's strategic alliances.

Raue and Wieland (2015) define the instance of horizontal partnerships between suppliers of logistics services. They claim that such firms can profit from an alliance in two ways. On the one side, they can obtain immediately exploitable concrete assets. This involves the expansion of popular transport networks, their warehouse facilities and the capacity to deliver more complicated services Packages combining resources. On the other hand, they can access intangible assets that are not immediately exploitable. This involves data and know-how and, in turn, innovation.

Vertical strategic alliances that define the cooperation between a business and its upstream and downstream supply chain partners imply that a partnership between an organization and its provider. Vertical alliances are aimed at escalating and enhancing these interactions and expanding the network of the business to be able to deliver reduced rates. Suppliers are particularly engaged in product design and distribution choices. An instance would be the close relationship between vehicle producers and their vendors. Intersectional alliances are partnerships where the companies concerned are neither linked by a vertical chain nor working in the very same commercial area, which implies that they might usually not get in contact together and have completely distinct markets and know-how (Marius, 2016).

Strategic alliances have evolved from an alternative to a requirement in many markets and sectors. Market and requirement variation leads to increased use of strategic alliances. Integrating strategic alliance management into the general corporate strategy is crucial to advance products and services, entering new markets and leverage technology and research &development. Global businesses have many inland business alliances as well as worldwide partnerships, sometimes even with rivals, leading to problems such as maintaining competition or protecting their own interests while running the alliance. Managing an alliance focuses on leveraging value for the client, addressing inner problems, managing the daily competition of an alliance with rivals and risk management that has become a company-wide issue (Meyer & Charles-Clemens, 2017).

The company's motivation to tap into strategic partnership collaboration and adopt creative processes is shown through a company's main introduction. Companies select strategies to get their competitive roles and collect more than one competitor at least. Strategic alliances are influenced by processes of how to monitor natural instabilities, how to overcome lack of funds and, in particular, how to cope with the inter-organizational scope of the association dedication, joint effort, interaction, trust and conflict resolution as critical properties of partnership relationships. Trust is extremely important in forming partnerships that it is treated as "the cornerstone of the achievement of the strategic partnership." The consequences of confidence in emerging long-haul organizational links were viewed in writing together in the organization. Trust between companies alludes to the assurance that one partner will not misuse the other's vulnerabilities (Zou, Fang & Zhao, 2015).

There are well-constructed psychological and enthusiastic bases for such confidence that are most perceptible among individual companies. Communication between alliances is a huge understanding of the union goals, components and responsibilities of a significant amount of on-screen characters. It also assists in communicating and disseminating individual encounters. Dedication indicates a future alignment in which partners strive to create a partnership that can last unforeseen problems. However, a very synergistic connection provides the adaptability and versatility needed to overcome vulnerabilities, resolve conflicts and achieve frequently useful outcomes. Conflict often persists between cross-organizational ties related to the inherent interconnections between partners. Companies in tactical partnerships together are forced to act participate in joint critical thinking as they can be linked together to cope with a scenario that was more speculation and unstable than anyone else might control. Functional clash would improve the implementation of a partnership thus broken conflict within the partnership would influence the viability of the results of the partnership organization (Zarin & Vazife 2016).

There are many parameters that determine strategic alliances, although literature demonstrates that there is no agreement. Varadarajan and Cunningham (1995) claim that the strategic alliance's predictors are in the alliance's intentions thus providing the following wide regions linked to business entry and market position intentions. They speak about obtaining access to different global markets, circumvent barriers to the entry of legal, regulatory and/or political variables into global markets, protect market position in current markets and improve market position in current markets.

They also talk about product-related intentions and contend that the institution can fill in the gaps in the current product line through strategic alliances, broaden the current product line and distinguish or create value to the product. Strategic alliances are commonly regarded as cooperative strategies developed and enforced to achieve shared goals and co-operatively create superior resources.

According to Hitt, Ireland, Camp and Sexton (2001), strategic alliances are developed for strategies at the company level and strategies at the corporate level for development and other goals. They describe strategic alliance as a cooperative approach in which companies combine some of their resources and capacities to generate a competitive advantage. Porter and Kramer (2006) also refer tostrategic alliance as a strategic coalition that needs a good partner to develop a partnership where organizational resources and capabilities are shared and new ones are acquired and developed. Porter and Kramer (2006) further clarify that companies involved in the strategic alliance pursue shared goals and generate value adding.

They also speak about product-related motives and argue that the organization can fill gaps in the current product line through strategic partnerships, broaden the current product line and distinguish or add value to the product. Strategic alliances are commonly regarded as cooperative strategies formulated and enforced to achieve shared goals and co-operatively create superior resources. Strategic alliances are widespread formulated for both business level strategies and corporate level strategies for expansion and other objectives". They define strategic alliance as a cooperative strategy in which firms combine some of their resources and capabilities to create a competitive advantage. Porter and Kramer (2006) also refer to strategic alliance as a strategic coalition which needs a good partner to conduct a developing partnership, where organizational resources and capabilities are shared and new ones are acquired and developed. Porter and Kramer (2006) further explain that in strategic alliance participating firms pursue shared objectives and create value adding processes to gain competitive advantage.

Market environment are quite turbulent and keep changing. Strategic alliances provide an avenue to structure, modify, reduce potential threat of future competition, raise entry barriers/erect entry barriers and alter the technological base of competition (Beamish & Lupton, 2015). Healthy returns in an industry leads to more investments and consequently the need to expand. Such expansion requires entry into new markets; strategic alliances accelerate the pace of entry into new product-market domains by accelerating the pace of research and development, product growth and/or market entry (Craig et al., 2014).

Companies use cross-border partnerships as a means of transforming themselves and taking advantage of chances in the quickly evolving global economy. Most of the strategic alliances can be summarized into three kinds: joint venture, equity strategic alliance, and non-equity strategic alliance (Porter, 1980). These three aspects of the strategic alliance contribute in distinct respects to competitiveness. Many authors have said that organizations are gradually relying on CBAs to escape issues related to securing and mergers such as high costs and problems of keeping local skills, particularly for small and medium-sized enterprises from developed nations and with internal improvement, such as the lengthy period needed to build capacity within and indigenously by companies from developing countries. Strategic fit occurs when partners appreciate the knowledge each transmits to the union. Partnerships are likely to be formed when both companies are in vulnerable strategic positions (i.e. requiring funds) or when they are in strong social positions (i.e. have lucrative assets to share). Strategic partnerships when both companies in a partnership are in vulnerable key positions (i.e., needing assets), looking for reciprocal or comparable assets for transferring or pooling (Mike, Andrey, Franco-Santos & Lucianetti, 2013).

2.3.4 Joint Ventures

According to Albaum et al. quoted in Ole, Jens and Jacob (2016), a joint venture happens when businesses from at least two separate nations, generally one being local, create a new business to jointly create products or provide services. The partners do not position equity or stake in the alliance, while they do so in a joint venture. That is, a legal entity, a fresh mutual company, is established in an equity joint venture, whereas no legal entity is formed in a strategic alliance partners but distinct once they have reached their goals. Furthermore, a joint venture in which no equity is engaged can be described to as either a non-contractual joint venture or a program-based venture. For all the above definitions, we can reach the conclusion that the same thing is a strategic alliance and a non-equity joint venture.

According to Lambin cited in Patrícia, Silvia and Mendes (2017), under this arrangement a partnership between host and home country firms is formed resulting in creation of firms in a new or existing market. This type of agreement gives the international firm better control over operations and also access to local market knowledge. The international firm is less exposed to the risk expropriating thanks to partnership with the local firm. Joint ventures are very popular in international management. This is because the presence of local firm facilitates the integration of the international firm in a foreign environment.

Joint ventures have five shared goals: market penetration, cost / benefit sharing, technology sharing and joint business development and compliance with public regulations. There are other advantages of joint ventures including access to political links and distribution channels that may rely on relationships. Joint ventures are good when strategic objectives of partners converge whereas other competitive objectives differ, associates' size, market power and resources are low in comparison to industry leaders and partners are capable of learning from each other while restricting access towards their own proprietary abilities (Pietro & Matteo, 2017).

This implies that the different parties are located in different countries when talking about international strategic alliances or joint ventures, so obviously this impairs the management process of these types of ventures and may seem to be a complicated way of entering a new market. Moreover, joint ventures are noted to be very lucrative as collaboration with a foreign partner may bring new market possibilities and accelerate the overseas market entry process. It is also seen by developing nations as a better alternative than a FDI (Foreign Direct Investment) and it provides the market a competitive benefit. Another excellent reason to enter into a joint venture with another business is the risks and expenses engaged in attaining global plans are split among businesses. Of course, the earnings are also split, but if a business wants to grow more quickly into a foreign market, has large-scale objectives or is designing an advanced technology, it will most definitely need assistance from other businesses with the technology that this focal business requires to accomplish its objectives. According to Riccardo and Franco (2015), although these cooperative ventures may concentrate on each stage of the supply chain, they are generally concentrated on research and growth, production or marketing, referring to upstream or downstream activities.

A joint venture is an association in which two or more companies form a legally international company to share their cooperative capacities and resources to attain competitive edge in market. Joint ventures are efficient in creating lengthy-term relationships and passing tacit knowledge from one company to another (Berman et al, 2012). The distinct experience and knowledge in specific areas that each company brings into the alliance fosters the sustainable competitive advantage. Companies in a joint venture usually share resources and engage equally in activities

Based on the most recent Orwell (2012) indicated that a nice instance is the connection between Sony Pictures Entertainment, Warner Bros, Universal Pictures, Paramount Pictures, and Metro-Goldwyn-Mayer Inc. where each has a 20 percent share in a joint venture to use the internet to offer on-demand feature films to clients. Joint ventures are regarded to be ideal forms alliance in which companies share and incorporate resources and capacities. The participating firms mix manufacturing and marketing cooperation to enable prepared access to the new markets, intelligence data, and reciprocal flows of detailed information (Busenitz, Plummer, Klotz, Shahzad, & Rhoads, (2014).

An investment joint venture is an agreement in which each company's ownership proportion is not equivalent (Craig et al., 2014). In this specific situation, in ratio to their participation in funds and capacity, two or more companies own the stocks of a newly established business with the primary objective of creating competitive advantage. Joint venture concentrates on the links between leadership capacities among two or more distinct companies (Fahy, Hooley, Greenley & Cadogan, 2006). As a consequence, when equity joint ventures happen, two or more distinct business cultures are generally paired to one objective in strategic alliances. Several foreign direct investments like those made by businesses in developed countries such as Japan and the U.S. in emerging markets are finished through equity strategic alliances (Harzing, 2012).

A non-equity joint venture is much less obligatory than a joint venture with equity and a joint venture. To guarantee competitive edge, two or more businesses form a contract-based alliance without forming a distinct business and thus do not take equity shares. Beamish and Lupton (2015) says that the primary objective is to share their distinctive capacities and assets to generate competitive edge. Partner relationships are informal and require less partner engagement than the other two types of joint ventures. These strategic non-equity alliances are simpler to enforce compared to the others (Das, Holla, Mohpal & Muralidharan, 2010). Non-equity alliances do not involve much experience, nor do they involve the transfer of tacit or implied understanding and skills.

Despite the deficiencies companies are increasingly using this sort of alliance of non-equity strategic alliances in many distinct forms, such as licensing agreements, distribution agreements and supply contracts (Folta & Miller, 2002). These partnerships are driven by variables such as technology uncertainty and complicated economic environment. Rival competition promotes stronger partnership obligations. Strategic alliances in the type of collaborative policies are on the increase among companies given the complexity of activities and the dynamic company climate. Service outsourcing is a main instance of a non-equity strategic alliance. Several businesses outsource services like cleaning, marketing and catering to gain some competitive edge

The connection between alliance development and firm results demonstrates contradictory proof in the current literature. From which Powell Proctor and Glass (2014) and Sarkar and Shaw (2017) finding a favorable link among joint venture and firm performance, Callahan (2006) estimates a rise in operational risk as well as an adverse impact on company performance. Surveys among leadership roles, however, report failure rates of partnerships between 50 and 70% (Saebi & Dong, 2012). However, it must be observed that these are managers ' subjective perceptions and may not be directly linked to economic performance measures.

Although there is some proof against performance gains arising from partnerships, alliance formation has risen dramatically over the past two decades, particularly in the biotech and IT sectors. On the price cutting hand as well as in value development, motivations for pursuing this beneficial relationship between partnerships and company results are discovered. A prevalent motive the transaction cost theory explains how businesses can profit from joining partnerships (Williamson, 1987). Because of market imperfection, companies may choose not to acquire funds from the market, but rather to generate them internally. Where a market exchange may be inefficient due to elevated transaction costs, it may be necessary to coordinate manufacturing within the company Good alternative to that. The literature says that when transaction costs are high, but not high enough to begin manufacturing internally, alliance formation can be an effective option (Chen &Pan, 2012). A joint venture is quite between the two ends of the make or buy decision. Both firms produce part of the good, but there are still transaction costs through contracts and management of the alliance.

Eisenhardt and Schoonhoven (2016) state that in challenging business circumstances, alliances could provide essential resources that can enhance the strategic situation of a firm. From this view, a company's approach should therefore be based on its resources and capacities. Where the strategy looks at the nature of the transaction, this resource-based strategy focuses on the alignment of available resources by forming alliances. In this context, alliances have a significant benefit over mergers and acquisitions rather than taking over a whole company, a choice of the necessary resources can be made (Das et al., 2016).

Apart from the strategy and the resource-based view explaining a potential beneficial relationship between partnerships and company results as the amount of connections increased during the past two decades, companies have become more focused on their portfolio of alliances. Beamish and Lupton (2015) claim that the portfolio of the alliance is becoming more varied to enhance market access, decrease time-span innovation and lastly match supplementary technical capacities. An alliance portfolio can also have a real option value. Holding a separate portfolio of assets through alliance formations provides a company a good deal of flexibility, gaining the choice of accessing resources that would be too expensive to keep on its own (Smit & Trigeorgis, 2010). Literature acknowledges this potential competitive advantage and also emphasizes the significance of efficient leadership when engaging in various inter-company collaborations. Moreover, innovation with a single business portfolio is becoming difficult due to the growing difficulty of the needed resources. The introduction of a product often needs a business to be specialized in more than one discipline. It therefore becomes much more probable that innovation will be only feasible through a network of distinct organizations (Nyangosi & Arora, 2009).

Organizational membranes between partners can be controlled by adopting rigid measures or by developing shielding systems such as proprietary technology "walling off" (Baugh&Graen 1997). In addition, gatekeepers can be allocated to filter access to and disclosure of data across organizational borders.

However, the capacity to learn through joint ventures is not merely rest on the company's inner absorptive capacity and desire to learn; it also relies on the readiness of external sources to collaborate (Kevin, 2017). Cooperation indicates that proximity to the understanding of a partner relies to a big extent on the extent to which the focal company is accessible to the partner with its own understanding. Protectiveness does not only reduce the quantity of data. Therefore, in his research of transfer of knowledge in strategic alliances, Simonin (1999) discovered that protectiveness was strongly linked to uncertainty and therefore negatively linked to transfer of knowledge, implying that protectiveness acts as an obstacle to efficient knowledge exchange. This argument is endorsed by Tallman (2015), who argue that safeguarding can hinder teaching (performance) in strategic alliances. Moreover, Lyles and Salk (1996) indicate when disruptive to the alliance's activity, protection will add to the intensification of cross-cultural as well as other disputes between partners.

Hongbin (2017) conducted a survey centered on 68 biotech companies in the Xinjiang region and concentrated on the effect of difference in culture and interaction on joint venture results. Empirical test demonstrated that although the cultural divide between strategic partners does not affect the efficiency of the joint venture, their interaction quality has a beneficial impact on the confidence between partners. The research discovered that confidence between partners not only affects the assessment of alliance results, but also has an important effect on the readiness of further collaboration., Kumar in Hongbin (2017) demonstrated that excellent and regular communication would positively foster mutual knowledge between alliance members, which is the key factor in enhancing partner confidence. Simonin (1999) believed that the contract and mutual value obtained from inter-company interaction is likely to boost the confidence of alliance partners. Morris,Shirokora & Shatalor (2013) asserted that the amount and quality of communication between alliance members would have a beneficial effect on alliance achievement. Smilor & Gill (1986) discovered communication plays a main role in alliance-to-alliance technology transfer.

An academic research undertaken by Hackett (2008), based on an internet poll, investigates a sample of Danish partner companies involved in 48 equity joint ventures and 70 non-equity joint ventures with global partners. The findings indicate an important connection between alliance performance and partner reputation prior to alliance formation as well as powerful relationships between alliance performance participatory know-how, trust and protection and alliance results during most of the operation of the alliance. The literature has also posted theories concerning the explanations why companies are entering a closer company relationship. For instance; resource dependency theory, transaction cost theory, strategic behavior theory and organizational learning theory create predictions about relationships it will be created. Underlying assumption in this study is the hypothesis that associations will be effective when used under suitable conditions and environmental factors. Yet a big proportion of such strategic alliances are unsuccessful.

Suchman (2015) claim that the partnership is the predictors of strategic alliances. Such interactions can result in two primary types of alliances: supplementary alliances and parallel alliances. Supplementary alliances are instances where two airlines connect their current networks and create a new network. This enables their passengers to be provided with interline facilities. On the other side, parallel alliances are instances of cooperation between two airlines competing on the same path. This means complementary alliances allow carriers to extend their networks because they can rely on partners to serve destinations where they lack route authority.

On the other side, Oxley and Sampson (2004) claim that alliances are becoming a common vehicle for obtaining and leveraging technological capacities in today's fast-paced knowledge-intensive setting. However, such alliances also present especially thorny problems linked to the protection of technological information since alliance goals are often successfully achieved. Therefore, companies must discover the correct equilibrium between keeping open information exchange to further the alliance's technological growth objectives and controlling information flows to prevent unintended leakage of precious technology.

There are three distinct kinds of value chain relationships: 1. Collaboration based on the upstream, 2. Collaboration based on downstream, and 3. Collaboration based on upstream / downstream. The businesses are working on R&D and/or production in upstream-based cooperation. The second, downstream-based cooperation implies businesses are collaborating on marketing, distribution, sales and/or service. In the third form of collaboration, the businesses have distinct yet supplementary competences on each end of the distribution chain, meaning that the firm that is better at, for instance, producing the goods (upstream operation) is focused on that, and the partner firm that is more skilled in sales and marketing is responsible for that (downstream operation). This is also called an X coalition, whereas upstream-based –and downstream based collaborations are called Y coalitions (Riccardo & Franco, 2015).

Joint venture has acquired recognition in today's worldwide market and by using partnerships such as joint venture, most cosmopolitan businesses have been able to accomplish significant growth. Nevertheless, a number of companies from varied cultures and backgrounds emanate as one to work in collaboration with the aim of adventuring another's fitness to promote a sustainable advantage. Sides on whatever side have the responsibility to pool abilities and expertise, share assets and property, mix staff and integrate leadership as quickly as they become intricate in a joint venture (Serdar, 2012).

In his research, Stiles quoted in Shuaijiao, Henrique and Dong (2016) discovered that the concept of international joint ventures was completely embraced by the company globe due to the fast shift in the worldwide economy. He stated that joint ventures are presently well thought-out as tools for rapid market growth and sustainability. The development of the joint venture has been of help to a big amount of companies in matters relating to the entry into unfamiliar markets, the creation of fresh concepts and the change in the standard framework.

A study by Ling et al. cited in Shuaijiao et al. (2016) it was established that in joint ventures, companies pool their resources and know-how using other companies, and therefore, corporations share the advantages or challenges of their new undertaking. They also established that the joint venture includes ongoing distribution of capital and losses, as well as participation in leadership between many partners, thus establishing a lengthy-lasting, profit-seeking partnership. Rauch and Watson also cited in Shuaijiao et al. (2016) that the advantages of the joint venture encompass capital savings and a decrease in resource restrictions for foreign country undertakings. At the other side, Lau and Hurly (1997) argue that the risks in market entry are minor, so partnership between companies is a very significant resource in variables such as local knowledge.

According to the research by Tylecote and Ramirez quoted in Shuaijiao et al. (2016), a big amount of joint ventures conducted in third world nations comprise of huge MNCs that engage in a variety of many other joint ventures and operate fully owned companies in other areas of the world. Tylecote and Ramirez quoted in Shuaijiao et al. (2016), further claim that third world nation firms that are MNCs' joint venture partners. Even though they may be quite big by local norms, their MNC counterparts are sometimes dwarfed. For instance, one feasible source of trouble is the different fundamental goals of the two kinds of companies. An MNC can consider that the joint venture operates in a manner that is ideal from the perspective of its entire worldwide network, not solely within the local market about which its national joint venture operates.

2.4 Conceptual Framework

A conceptual framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this. A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. In this study the dependent variable is growth of local horticultural firms in Kenya while the independent variables are exporting strategy, franchising strategy, strategic alliances and joint venture.

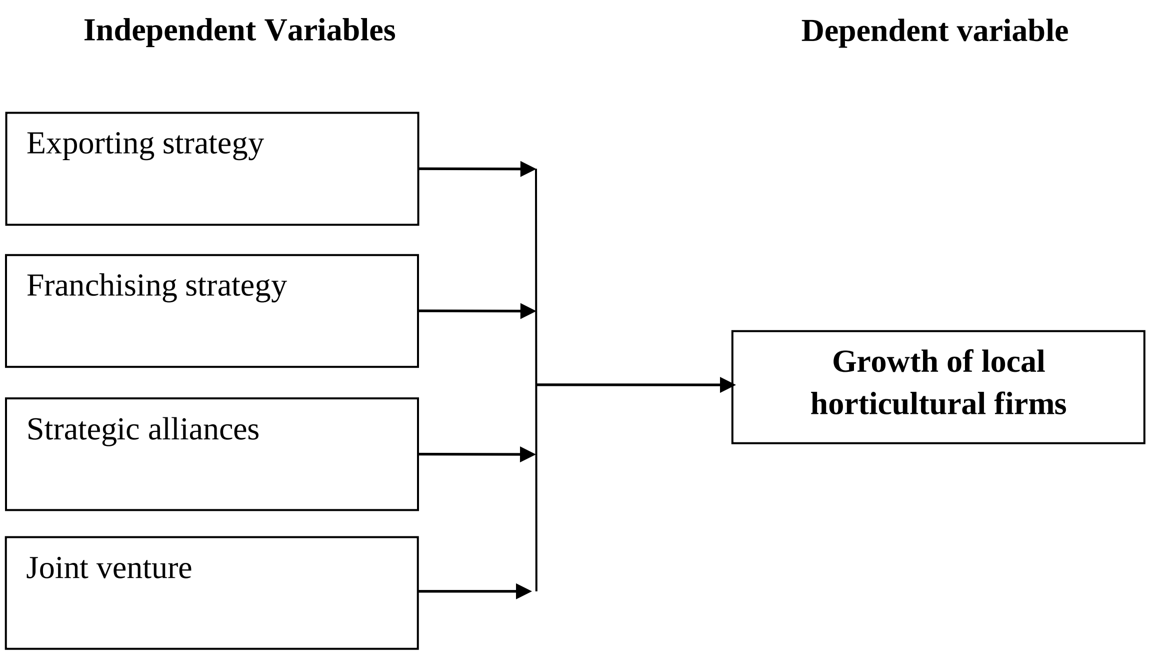

Figure 2. 2: Conceptual Framework

Exporting refers to the marketing of goods produced in one country into another. Indirect exporting often becomes the natural first step for newcomers to the international scene, as it requires minimal financial and management commitment, when compared to direct exporting. The main advantage of indirect exporting is that it offers access to foreign markets without the complexities and risks of direct exporting. Direct exporting occurs when a manufacturer or exporter sells directly to an importer or buyer located in a foreign market.

Franchising is a form of licensing where a company can market its goods and services by having semi-independent business owners referred to as the franchisee. Franchising involves a greater element of control. The contractual agreement provides the franchisor with a great degree of control over the franchisee's operations thus enabling the brand image to be upheld and protected internationally.

A strategic alliance is a business relationship established by two or more companies to cooperate out of mutual need and to share risk in achieving a common objective. Strategic Alliances have developed from an option to a necessity in many markets and industries. Variation in markets and requirements leads to an increasing use of Strategic Alliances. There are well-constructed psychological and passionate bases for such trust, which are most perceptible among individual firms. Communication between alliances is huge for making a fruitful tactical relationship.

A joint venture occurs when companies from at least two distinct countries, usually one being local, establish a new company to produce products or provide services jointly. Joint ventures have five common objectives; market entry, risk/rewards sharing, technology sharing and joint product development, and conforming to government regulations.

2.5 Operationalization of the variables

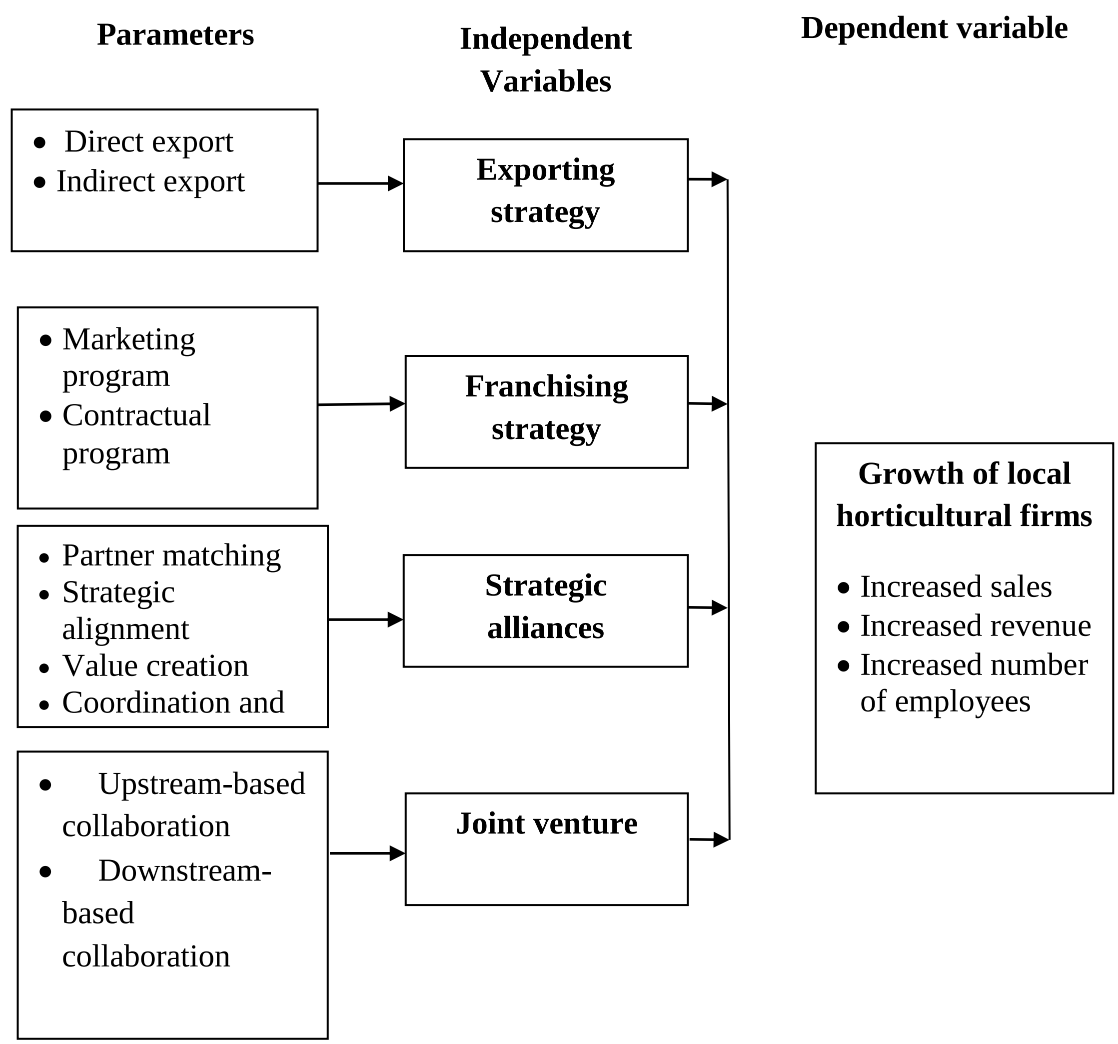

Figure 2. 3: Operational Framework

2.5.1 Research Gaps

From the review of the literature, numerous researchers have done all-embracing studies on market entry strategies adopted by MNCs in businesses which include manufacturing, energy and service (Mulaa, 2014), but none has carried out studies on market entry strategies adopted by Tecno Mobile Company in Kenya. A study by Mugambi (2011) focused on foreign market entry strategies embraced by companies in the export processing zones (EPZ), Gichui (2011) studied foreign market entry strategies adopted by Eco Bank Kenya Limited (EBK) to come into the Kenyan market, Cherop (2011) researched on the foreign market entry strategies used by Fina bank Kenya when entering the East African market, while Wachari (2011) studied the contributing factors of foreign market entry strategies embraced by Kenyan companies in picking and entering international markets, Wanyande (2015) who carried out a study on application of international market strategies by commercial banks in Kenya. As such, there is a persuasive need to investigate the strategies being embraced by horticulture companies in entering competitive environment and the strategies that have enabled them to survive the increasingly more challenging competition due to increased competition in this sector. This study therefore sought to fill the existing conceptual and contextual gaps and contribute to the body of knowledge.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter constitutes the procedures and methods, which were employed in the study. These include the research design, target population, sampling procedure, instrumentation, pilot study, validity and reliability of research instruments, data collection methods, data analysis and presentation and lastly ethical consideration.

3.2 Research design

This study used descriptive research design. According to Anatoliy and Maryna cited in Yoshino & Rangan (1995) descriptive survey involves a clearly defined problem and definite objectives and questions and development of generalization, principles or theories that have universal validity. Descriptive technique includes asking questions about a specific problem to a big population. At a particular point in time, information will be collected from a sample population as opposed to the entire population. The survey design allowed the investigator to create views and understanding on the effect of international market entry strategies on growth of local horticulture firms.

3.3 Target Population

A target population, according to Mugenda and Mugenda (2003) is that population to which a researcher wants to generalize the results of a study. In the views of Tabachnick and Fidell (2007) the target population or the universe describes all the members of the real or hypothetical set of people events or objects to which the researcher wishes to generalize the results of the research study. The population of the research will be the local horticulture firms in Kenya which are mainly drawn from Nairobi and other parts of the country. According to the Kenya Bureau of Standards, there are 187 local horticulture firms registered with diamond mark label as of October 2017 (KNBS, 2017). The target respondents were the owners of the firms.

Table 3.1 Target Population

Category	Population	Percentage
Top level managers	34	27.64
Middle level manager	42	34.14
Operations managers	47	38.22
Total	**123**	**100.0**

Source: HR Records (2019)

3.4 Sampling Procedure and Sample size

Mugenda and Mugenda (2003), a sample is a subset of a particular population. Generally, the sample size depends on factors such as the number of variables in the study, the type of research design, the method of data analysis and the size of accessible population. In reference to Taddy (2013), from the population of 187 firms the study will apply the following formula for calculating sample size.

$$n = Z^2.\mathrm{P}.\mathrm{Q}.\left(\frac{\mathrm{N}}{E^{2(\mathrm{N}-1)+Z^2.\mathrm{P}.\mathrm{Q}}}\right)$$

Where n: is the sample size.

N: is the total population; **Z** is the value of confidence limit; **E=** Error margin or accuracy which is equal 5; **P=** is the population of respondent who will respond positive to the question; **Q=** is the population of the respondent who will have negative view (1-100) =50**.** If it is not even then l can use the 50/50% which is 0.5 at 95% level of confidence ***Z***= **1.96**

Calculation for sample size

$$n = 1.96^2 \times 50 \times 50 \left(\frac{247}{5^2(247-1) + 1.96^2 \times 50 \times 50} \right)$$

$$= 123$$

The sample size of the study was 123 respondents from a population of 187. The study used simple random sampling method to select study participants.

3.5 Instrumentation

To ensure that data collected address the study objectives, the data collection instrument must be selected appropriately to avoid collecting irrelevant information. This study, being descriptive in several characteristics, couple with the fact that it target a relatively large population geographically spread in Nairobi County, the researcher seek to develop and use questionnaires as the key data collection instrument. The questionnaire items comprised of both closed ended and open- ended questions (Appendix II). Questionnaires allow greater uniformity in the way questions are asked, ensuring greater compatibility in responses (McNeill, 2012).

The questionnaire has three parts; part A, B and C. Part A comprise of personal data such as respondents details, details on the gender, age and working experience; Part B comprise of contextual data with closed ended questions which seek information on the concept of international market entry strategies. These questions are expressed on five point scale on their opinions towards firm growth. The five point Likert's scale points are; strongly agree (5), agree (4), undecided (3), disagree (2), strongly disagree (1). Part C collected data on growth of local horticultural firms.

3.6 Pilot Study

Pilot testing is used to test or design instruments prior to carrying out research. A pilot study was conducted prior to the main study to ensure that the tools developed for use in the research are suitable in their content and length and that the respondents are interpreting the questions in the manner intended. Pilot studies are conducted to detect weaknesses in design and instrumentation and provide proxy data for a selection of a probability sample (McNeill, 2012). The key aim of a pilot study was to ensure the instrument measured what it is supposed to measure. The researcher therefore will be was able to refine the instrument accordingly. This will help the respondents not to experience difficulties when responding to the questions as well as assisting the researcher familiarize with the questions. The pilot survey was conducted to find out if the respondents can respond to the questions without difficulty. It also evaluates the questions for relevance, comprehension, meaning and clarity.

For pilot sample, Kothari (2004) and Sekaran and Bougie (2016) recommend 1% from the study population as being fit for statistical test of instruments. Further, Creswell (1998) propose the rule of the thumb as 10% of the sample to for the pilot. The pilot study respondents were selected outside the main study sample but within the target population. A pilot study was undertaken on 10 respondents from local horticultural firms outside Nairobi County. The results did not form part of the actual study findings.

3.7 Validity of the Research Instrument

According to Creswell (1998) validity of a test is a measure of how well a test measures what it is supposed to measure. To enhance the content validity of the questionnaires, appropriate and adequate items relevant to the research questions were included. Mugenda and Mugenda (2003), state that the usual procedure in assessing content validity of a measure is to seek expert or professional advice in that particular field. Horticultural industry experts and university research project supervisors were consulted to validate the instruments. Their comments were taken into account in revising the instruments in order to collect valid data.

3.8 Reliability of the Research Instrument

Reliability is a measure of the degree to which a research instrument yields consistent results after repeated trials. Reliability of the research instrument is its level of internal consistency over time. The researcher used the most common internal consistency measure known as Cronbach's alpha (α). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Shamsuddoha (2014). The recommended value of 0.7 was used as a cut-off of reliabilities.

3.9 Methods of Data Collection

Ahmed et al. cited in Slater, Hult & Olson, (2015) define data collection as gathering of information to serve or prove some facts. After the defense and approval of the proposal, the researcher was issued a letter from the University and make preliminary arrangements with the management at the respective companies under the study two weeks before the material day, in order to create sufficient rapport with the respondents, raise their confidence and awareness as to the nature and purpose of the study, as well as inform them of their freedom to make informed choice. The selected horticulture firms were visited and the questionnaires were administered to the respondents as the researcher wait. The respondents were assured that strict confidentially would be maintained in dealing with their identities (Appendix I). The completed questionnaires were collected the same day they were administered.

3.10 Data analysis and Presentation

Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data were then coded to enable the responses to be grouped into various categories. Data collected were quantitative in nature. Quantitative data was analyzed by descriptive analysis. The descriptive statistical tools such as SPSS and MS Excel helped the researcher to describe the data and determine the extent used. The findings were presented using tables. Data analysis used SPSS and Microsoft excels percentages, tabulations, means and standard deviation. Tables were used to summarize responses for further analysis and facilitate comparison. To quantify the strength of the relationship between the variables, the researcher used the following model:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ Where; Y= the dependent variable (Growth of local horticultural firms)

α - Is a constant and it's the Y value when all the predictor values (X_1, X_2, X_3 and X_4) are zero, β_1, β2, β3 and β4 – Are constants regression coefficients representing the condition of the independent variables to the dependent variables. X_1= Export strategy; X_2 = Franchising strategy; X_3 = Strategic alliances, X_4= Joint ventures and Ɛ - (Extraneous) Error term explaining the variability as a result of other factors not accounted for.

3.11 Ethical Consideration

The researcher obtained permission from the National Commission for Science Technology and Innovation (NACOSTI) before going to the field to commence data collection. The researcher avoided doing anything that would have caused physical or emotional harm to the subjects. The researcher ensured personal biases and opinions did not get in the way of the research. The purpose of the research was disclosed to respondents before they were requested to complete the questionnaire. When reporting the results of the study, the researcher ensured that the research reports accurately represent what was observed or what was reported by the respondents after proper analysis of all the data collected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETITION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on the effect of international market entry strategies on growth of local horticulture firms in Kenya with special focus on firms operating in Nairobi County. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, Likert's type questions were included whereby respondents indicated the extent to which the variables were practiced in a five point Likert's scale.

4.1.1 Response Rate

The study targeted to sample 123 respondents in collecting data with regard to the effect of international market entry strategies on growth of local horticulture firms. From the study, 110 out of 123 sampled respondents filled in and returned the questionnaire contributing to 89.43%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondent to fill-in and return the questionnaires.

Table 4. 1: Response Rate

Response	Frequency	Percentage
Responded	110	89.43
Not responded	13	10.57
Total	**123**	**100.0**

Source: Research Data (2019)

4.1.2 Results of Reliability

Reliability refers to the extent to which the data collection or analysis procedures used will lead to consistent findings (Saunders, Lewis & Thornhill, 2009). Sekaran and Bougie (2016) asserted that a measure should not only be valid but also reliable. As mentioned in Chapter Three, a pilot test was conducted to eliminate possible weaknesses and flaws in the draft questionnaire as well as to preliminarily examine the reliability of relevant construct measures in a specific context, leading to the final survey questionnaire used in the main study. In the pilot test in this study, the draft questionnaire with an invitation letter was administered to 10 randomly-selected respondents from local horticultural firms outside Nairobi County.

The Cronbach's alpha values in this study were above 0.7 as shown in Table 4.2. Cronbach's alpha values of 0.70 indicate that the constructs have good reliability (Hair, 2011). Cronbach's alpha values above 0.70 is considered an acceptable indicator of internal consistency, and the values of 0.60 to 0.70 are at the lower limit of acceptability as suggested in the literature (Bryman, 2016; Bryman & Bell, 2011; Hair, 2011).

Table 4. 2: Results of Reliability

Variables	Cronbach's alpha values	No. of items
Exporting Strategy	0.7653	4
Strategic Alliances	0.7531	17
Franchising Strategy	0.7812	3
Joint Venture	0.7002	7
Growth of firms	0.7632	6

Source: Research Data (2019)

4.2 General Information

4.2.1 Gender of the Respondents

On the gender of the respondents, the study found that there were more males as shown by 59.0% than females shown by 41.0% of the respondents. This shows that there are more males than females in the horticultural business. This is depicted in the table 4.3 below.

Table 4. 3: Gender Composition

Gender	Frequency	Percent
Male	65	59.0
Female	45	41.0
Total	110	100.0

Source: Research Data (2019)

4.2.2 Age Bracket of the Respondents

The study also sought to establish the respondents' age bracket. From the findings, the majority of the respondents were 21-25 years old as shown by 60.7% of the respondents, 14.8% were aged 30-35 years and 40-50years in each, 6.6% of the respondents were aged 26-30 years while 3.3%% of the respondents were 36-40 years old.

Table 4. 4: Age Distribution

Age Brackets	Frequency	Percent
21-25	67	60.7
26-30	7	6.6
30-35	16	14.8
36-40	4	3.3
40-50	16	14.8
Total	110	100.0

Source: Field Data (2019)

4.2.3 Level of Education of the Respondents

The study found that the majority of respondents (52.5%) were College diploma holders, followed by 27.9% of the respondents who had a secondary school certificate as their highest level of education, while 9.8% of the respondents reported that they had an undergraduate degree and primary school certificate as their highest level of education in each case. This shows that most of the respondents were well educated to respond to the research questions.

Table 4. 5: Level of Education

Level of education	Frequency	Percent
Primary	11	9.8

Secondary	31	27.9
College	58	52.5
University	11	9.8
Total	**110**	**100.0**

Source: Research Data (2019)

4.2.4 Number of Working Years in the Market

The respondents were also requested to indicate the number of years that they had been working in the SMEs. According to the study, most of the respondents as shown by 65.6% reported that they had been working in the market for 2-4 years, 13.1% of the respondents had worked in the market for a period between 6 and 10 years, 11.5% of the respondents had worked for 1-2 years, while 9.8% of the respondents said that they had worked in the market for 4-6 years. This depict that most of the respondents had enough experience and were aware of the relationship between managerial characteristics and growth of local horticulture firms of small and medium sized enterprises.

Table 4. 6: Years of Experience

Years of experience	Frequency	Percent
1 to 2	13	11.5
2 to 4	72	65.6
4 to 6	11	9.8
6 to 10	14	13.1
Total	**110**	**100.0**

Source: Research Data (2019)

4.2.5 Number of Employees in the SMEs

The study sought to investigate the number of employees in the SMEs. From the results, 82.0% of the respondents worked in SMEs consisting of less than 50 employees, 13.1%

of them worked in SMEs consisting of more than 100 employees, while 4.9% of the respondents indicated that they worked in SMEs consisting of 50-100 employees. This implies that the respondents of this study were mainly from the SMEs consisting of less than 50 employees.

Table 4. 7: Total number of employees in the SMEs

Number of employees	**Frequency**	**Percent**
less than 50	90	82.0
50-100	5	4.9
Above 100	15	13.1
Total	110	100.0

Source: Research Data (2019)

4.3 Descriptive statistics of analysis of the study of variables

Descriptive statistics is the analysis of data that helps describe, show, or summarize data in a meaningful way Mugenda and Mugenda (2013) further highlighted that descriptive statistics is useful to summarize group of data using a combination of tabulated description.

4.3.1 Exporting Strategy

The study sought the respondents' ranking of various aspects related to exporting strategy, majority of the respondents indicated that they indirect exporting affected firm growth to a great extent as shown by a mean score of 3.9672, cooperative export affected firm growth to a great extent as shown by a mean score of 3.8689 and lastly direct exporting affected firm growth to a great extent as shown by a mean score of 3.7705.

The findings are in line with Ansoff et al. (2014) that indirect exporting affected firm growth to a great extent, indirect exporting often becomes the natural first step for newcomers to the international scene, as it requires minimal financial and management commitment, when compared to direct exporting.

Table 4. 8: Aspect of exporting strategy

Aspect of Exporting strategy	Frequency	StdDev.
Direct Exporting	3.7705	1.58528
Indirect exporting	3.9672	1.77921
Cooperative export	3.8689	1.57560

The study sought the respondents' level of agreement with various statements that related to exporting strategy, majority of the respondents strongly agreed that exporting strategy is exercised by firms which primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion as shown by a mean score of 4.1311, firms that are aggressive in exporting have clearly defined plans and strategy, including product, price, promotion, and distribution and research elements that leads to their growth as shown by a mean score of 4.0492.

Majority of the respondents were neutral that exporting is usually the most common entry strategy choice for firms that are in their baby steps of internationalization as shown by a mean score of 2.8689, indirect exporting gives firm the opportunity to utilize the experience and resources of more experienced exporters to expand business internationally as shown by a mean score of 2.5738.

Table 4. 9: Agreement with statements on Export Strategy

	Frequency	Std. Dev
Indirect exporting gives firm the opportunity to utilize the experience and resources of more experienced exporters to expand business internationally.	2.5738	1.45441
Exporting is usually the most common entry strategy choice for firms that are in their baby steps of internationalization	2.8689	1.56499
Firms that are aggressive in exporting have clearly defined plans and strategy, including product, price, promotion, and distribution and research elements that leads to their growth	4.0492	1.56446
Exporting strategy is exercised by firms which primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion	4.1311	1.47733
Average mean	**3.4057**	

4.4 Franchising Strategy

The respondents were requited to rate the extent of adoption of franchising in foreign market entry by their firms. The results in table 4.10 showed that 47.5% of the respondents rated the extent of adoption of franchising to very great extent, 23% rated to a moderate extent, 21.3% rated to a little extent, 6.6% rated to a great extent while 1.6% of the respondents rated to no extent.

Table 4. 10: Extent of adoption of franchising Strategy

Extent	Frequency	Percent
Very great extent	52	47.5
Great extent	7	6.6
Moderate	25	23.0
Little extent	23	21.3
No extent	2	1.6
Total	**110**	**100.0**

The respondents were required to rank the extent to which various aspects of franchising strategy affected growth of horticulture firms in Kenya. A scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent was used.

Majority of the respondents indicated that parent firms trading to the smaller companies the right to mete out their products or use their trade names and processes affected growth of horticulture firms to a very great extent as shown by a mean score of 4.3115, also the respondents indicated that coming together of parent companies and numerous small businesses affected growth of horticulture firms to a great extent as shown by a mean score of 3.7049. The respondents were neutral that the recognition of agency affiliation among the company's parent and the franchisee affected growth of horticulture firms to a moderate extent as shown by a mean score of 2.5082.

Table 4. 11: Extent of Agreement with statements on Aspect of Franchising strategy

Aspect of Franchising strategy	Frequency	Std Dev.
Coming together of parent companies and numerous small businesses.	3.7049	1.38256
Parent firms trading to the smaller companies the right to mete out their products or use their trade names and processes	4.3115	1.40879
The recognition of agency affiliation among the company's parent and the franchisee	2.5082	1.73803
Average mean	**3.5082**	

4.5 Strategic Alliances

The respondents were requited to rate the extent of adoption of strategic alliance in foreign market entry by their firms. The results in table 4.12 showed that majority of the respondents (32.8%) indicated to a very great extent, 29.5% indicated to a great extent, 23.0% indicated to a moderate extent, 9.8% indicated to a little extent while 4.9% of the respondent indicated to no extent at all.

Table 4. 12: Extent of adoption of strategic alliance

Extent	Frequency	Percent
Very great extent	36	32.8
Great extent	33	29.5
Moderate	25	23.0
Little extent	11	9.8

No extent	5	4.9
Total	**110**	**100.0**

The respondents were required to rank the extent to which various aspects of strategic alliance affected growth of horticulture firms in Kenya. A scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent was used.

Majority of the respondents indicated that partner matching affected growth of horticulture firms to a very great extent as shown by a mean score of 4.3607, Value creation affected growth of horticulture firms to a great extent as shown by a mean score of 4.0000. Coordination and appreciation affected growth of horticulture firms to a moderate extent as shown by a mean score of 2.9016. Strategic alignment affected growth of horticulture firms to a little extent as shown by a mean score of 2.3934.

Table4. 13: Strategic alliance and firm growth

Aspect of Strategic Alliance	**Frequency**	**Std dev**
a. Partner matching	4.3607	1.71302
b. Strategic alignment	2.3934	1.63584
c. Value creation	4.0000	1.50555
d. Coordination and appreciation	2.9016	1.56743

The respondents were required to rank the extent to which various issues affected application of strategic alliances in foreign market entry. A scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent was used. Majority of the respondents indicated that time demand to gain client confidence, adjustment costs and uncertainties, adjusting to foreign business practices, host government laws, the need to customize services in the foreign market, time demand to gain client confidence, competition from local firms, lack of knowledge and expertise to assess opportunities in foreign markets, language and cultural differences and lack of capital to finance expansion affected strategic alliances in foreign market entry as shown by means above 3.5.

Table 4. 14: Issues that affect application of strategic alliances in foreign market entry

	Frequency	**Std dev**
Adjustment costs and uncertainties	4.0000	1.50555
Adjusting to foreign business practices	3.9016	1.56743
Host government laws	4.1967	1.44706
The need to customize services in the foreign market	4.5738	1.55412
Political instability in foreign markets	3.0492	1.75524
Competition from local firms	3.9344	1.54778
Lack of knowledge and expertise to assess opportunities in foreign markets	4.0820	1.58425
Lack of contacts in foreign markets	3.5262	1.64782
Language and cultural differences	4.0656	1.50409
Lack of capital to finance expansion	4.2131	1.29248
Lack of knowledge on export regulations and procedures	3.3279	1.35057
Average mean	**3.8973**	

4.6 Joint Venture

The study sought the respondents' level of agreement with various statements that related to joint venture, majority of the respondents strongly agreed that the international firm is less exposed to the risk expropriating thanks to partnership with the local firm as shown by a mean score of 4.0333, Joint ventures are favorable when the partners' strategic goals converge while other competitive goals diverge as shown by a mean score of 3.9344. The joint venture partnership gives my business better control over operations and also access to host market knowledge as shown by a mean score of 3.6492, Joint venture is favorable since my firm' size, market power, and resources are small compared to the industry leaders as shown by a mean score of 3.0656, joint venture allows political connections and distribution channels access as shown by a mean score of 3.0000, I am in partnership with a host firm and have created firms in a new or existing market. (Downstream collaboration) as shown by a mean score of 2.5738, Through a joint venture I have learnt from my partner while limiting access to our own proprietary skills as shown by a mean score of 2.0164.

Table 4. 15: Respondents' level of agreement with statements on joint venture

Opinion	Frequency	Std dev.
I am in partnership with a host firm and have created firms in a new or existing market. (downstream collaboration)	2.5738	1.55412
The joint venture partnership gives my business better control over operations and also access to host market knowledge	3.6492	1.75524
The international firm is less exposed to the risk expropriating thanks to partnership with the local firm	4.0333	5.61163
Joint venture allows political connections and distribution channels access	3.0000	1.44914
Joint ventures are favorable when the partners' strategic goals converge while other competitive goals diverge	3.9344	1.54778
Joint venture is favorable since my firm' size, market power, and resources are small compared to the industry leaders	3.0656	1.40082
Through a joint venture I have learnt from my partner while limiting access to our own proprietary skills	2.0164	1.24488
Average mean	**3.1818**	

4.7 Enterprise Growth

The study sought to establish the enterprise growth in percentage for the last five years. Results are presented in Table 4.16.

Table 4. 16: Descriptive Analysis for Enterprise Growth

		<10%	10-20%	20-30%	30-40%	Above 50%
The firm has increased sales over the past five years	%	9.7	23.6	19.4	33.3	12.5
The firm has increased production over the past five years	%	15.3	18.1	31.9	20.8	13.9
The firm has increased number of employees over the past five years	%	11.1	26.4	26.4	20.8	15.3
The firm has increased number of suppliers over the past five years	%	15.3	20.8	19.4	34.7	9.7
Average						

Table 4.16 shows that 24(33.3%) of the respondents indicated that as a result of innovation the firm has increased production over the past three years by 30-40%, 14(19.4%) indicated 20-30%, while 17(23.6%) indicated 10-20%. On whether innovation increased production over the past five years, 23(31.9%) indicated growth by 20-30%, 15(20.8%) indicated 30-40% while 13(18.1%) indicated 10-20%.

4.8 Inferential Analysis

Inferential statistics infer from the sample to the population. They determine probability of characteristics of population based on the characteristics of the sample. Inferential statistics help assess strength of the relationship between the independent variables and the dependent variables.

4.8.1 Correlations of the Study Variables

Table 4.17 illustrates the correlation matrix among the independent variables. Correlation is often used to explore the relationship among a group of variables (Pallant, 2010) in turn helping in testing for Multicollinearity. If the correlation values are not close to 1 or -1, this is an indication that the factors are sufficiently different measures of separate variables (Mugenda & Mugenda, 2013). It is also an indication that the variables are not multicollinearity. Absence of Multicollinearity allows the study to utilize all the independent variables.

Table 4. 17: Correlations of the Study Variables

		ES	FS	SA	JV	EG
Export Strategy	Pearson Correlation	1				
	Sig. (1-tailed)	.				
Franchising Strategy	Pearson Correlation	.543(**)	1			
	Sig. (1-tailed)	.000	.			
Strategic Alliance	Pearson Correlation	.553	.349(**)	1		
	Sig. (1-tailed)	.011	.004	.		
	Pearson Correlation	.567(**)	.298	.124	1	

Joint Venture	Sig. (1-tailed)	.000	.213	.346		
EG	Pearson Correlation	.546	.451(**)	.554	.454	1
	Sig. (1-tailed)	.037	.004	.017	.000	.

**. Correlation is significant at the 0.01 level (1-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

Key: ES= Exporting Strategy; **FS** = Franchising Strategy; **SA** = Strategic Alliances; **JV**= Joint Venture and **EG** = Enterprise growth

Table 4.17 indicated that franchising strategy and exporting strategy have significant strong positive relationship as attributed by the correlation coefficient of 0.543 and p-value of 0.000. The results shows presence of a positive and significant strong relationship between strategic alliances and joint venture as proved by the p-value and the correlation coefficient (r=0.553, p=0.011).

The correlation matrix table shows presence of strong and significant positive relationship between joint venture and exporting strategy (r=0.567, p=0.000). There is an evidence of insignificant weak relationship between Joint Venture and Franchising Strategy as attributed by the p-value and correlation coefficient (r=0.298, p=0.213). Furthermore, the results of the table show presence of an insignificant moderate positive relationship between joint venture and Strategic Alliances as proved by the Pearson correlation coefficient of 0.124 and a p-value of 0.346.

From the table 4.17, all the independent variables are positively related to growth of local horticulture firms as attested by the respective correlation coefficients: Exporting strategy (r=0.546), franchising strategy (r=0.451), strategic alliances (r=0.554) and joint venture (r=0.454). All the relationships are rendered significant since their p-values are less than 0.05. Accordingly, the ranking of the independent variables with their contribution to growth of local horticulture firms was: Exporting strategy contributed more to growth of local horticulture firms (54.6%), followed by strategic alliances (55.4%), and followed by joint venture (45.4%) and finally franchising strategy (45.1%).

4.8.2 Multiple Regression Analysis

A multiple linear regression analysis was done to examine the relationship between independent variables with the dependent variable. The adjusted R^2 is the coefficient of determination. This value explains how growth of local horticulture firms varied with Exporting Strategy, Franchising Strategy, Strategic Alliances, Joint Venture and Enterprise growth. The model summary table shows that four predictors can explain 78.5% of change in growth of local horticulture firms an implication that the remaining 21.5% of the variation in could be accounted for by other factors not involved in this study.

Table 4. 18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893(a)	.797	.785	.57765

Analysis of variance (ANOVA) was done to establish the fitness of the model used. The ANOVA table shows that the F-ratio (F=65.786, *p*=.000) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

In Table 4.18 R is the correlation coefficient which indicates the relationship between the study variables, from the findings shown in table 4.18 it is notable that there is a strong positive relationship between the variables as shown by 0.893. The coefficient of determination that is the percentage variation determination in the dependent variable that is supported by the variation in the independent variables is indicated by the R square which is 0.797. This implies that 79.7 percent of the variance in performance can be explained by; export strategies, franchising strategies, strategic alliances and joint venture strategies. This indicates that 20.3% of the changes can be explained by other factors. Adjusted R squared is the coefficient of determination which indicates the variation in the dependent variable due to changes in the independent variable. From the findings in the above table, the value of the adjusted R squared was 0.785, an indication that there was a variation of 78.5 percent.

Table 4. 19: ANOVA

The Analysis of Variance (ANOVA) indicates how well the model fits. The data and the results were presented on table 4.19 as shown

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.182	4	21.295	59.05	.000(a)
	Residual	37.872	105	.3606		

Total	123.054	109	

a. Dependent Variable: growth of local horticulture firms
b. Predictors: (Constant), Exporting Strategy, Strategic Alliances, Franchising Strategy and Joint Venture

The estimated coefficients (ßs) show the contribution of each independent variable to the change in the dependent variable. The coefficients table results show that Exporting Strategy (ß=.488, *p*=.001) positively and significantly affected growth of local horticulture firms . The results also show that Strategic Alliances (ß=.384, *p*=.001) positively and significantly affected growth of local horticulture firms. Franchising Strategy (ß=.221, *p*=.000) and joint venture (ß=.269, *p*=.003) also were found to be positively and significantly affecting growth of local horticulture firms.

Table 4. 20: Regression Analysis Results

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	1.147	3.93		2.915	.000
Exporting Strategy	.488	.255	.663	1.908	.001
Strategic Alliances	.384	.106	.397	3.608	.001
Franchising Strategy	.221	.115	.192	1.917	.003
Joint Venture	.269	.135	.387	1.991	.003

A Dependent Variable: growth of local horticulture firms

The above table gives the results for the regression coefficient for the multiple linear equation ($Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$) which by supplying the coefficients becomes: $Y = 1.147 + 0.488X1 + 0.384X2 + 0.221X3 + 0.269X4$

Where:

Y= the dependent variable (growth of local horticulture firms)

X_1= Exporting Strategy

X_2 = Strategic Alliances

X_3 = Franchising Strategy

X4 = Joint Venture

According to the regression equation established, holding all independent factors a constant then growth of local horticulture firms will be 1.147 units. From the regression equation holding all other independent variables a constant, a change in exporting strategy will lead to a 0.488 increase in growth of local horticulture firms; a change in Strategic Alliances strategy will lead to a 0.384 increase in growth of local horticulture firms; a change in Joint Venture strategy will lead to 0.269 increase in growth of local horticulture firms and a change in Franchising Strategy will lead to a 0.221 increase in growth of local horticulture firms.

However, at 5% level of significance and 95% level of confidence, exporting strategy, strategic alliances, franchising strategy and joint venture has a significance influence on growth of local horticulture firms with p-values less than 0.05 and therefore their coefficients should be retained in the final model. The results further infers that of all the predictors considered in this study exporting strategy contributes the most to growth of local horticulture firms followed by strategic alliances as implicated by their larger coefficients.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study.

5.2 Summary of Findings

5.2.1 The effect of Export Strategy on Growth of local horticulture firms in Kenya

Descriptive statistics was used to analyze this research objective and other subsequent analysis was done. The results showed the average mean was 3.4057 this meant that most of the respondents were in agreement with statements related to export strategy.

Inferential statistical methods were used to arrive at the findings where deductions and relationships were established. After carrying out correlation analysis, the study results indicated that export strategy was positively and highly correlated with growth of local horticulture firms in Kenya. The regression analysis, indicated that export strategy was found to be statistically significant in explaining firm growth since a unit change in export strategy only causes 0.488% change in Growth of local horticulture firms in Kenya as indicated by regression coefficient.

5.2.2 The effect of franchising strategy on growth of local horticulture firms in Kenya

Descriptive statistics was used to analyze this research objective and other subsequent analysis was done. The results showed the average mean was 3.5082 this meant that most of the respondents were in agreement with statements related to franchising strategy.

Inferential statistical methods were used to arrive at the findings where deductions and relationships were established. After carrying out correlation analysis, the study results indicated that franchising strategy was positively and highly correlated with growth of local horticulture firms in Kenya. The regression analysis, indicated that franchising strategy was found to be statistically significant in explaining firm growth since a unit change in franchising strategy only causes 0.221% change in Growth of local horticulture firms in Kenya as indicated by regression coefficient.

5.2.3 The effect of strategic alliance on growth of local horticulture firms in Kenya

Descriptive statistics was used to analyze this research objective and other subsequent analysis was done. The results showed the average mean was 3.8973 this meant that most of the respondents were in agreement with statements related to strategic alliance strategy.

Inferential statistical methods were used to arrive at the findings where deductions and relationships were established. After carrying out correlation analysis, the study results indicated that strategic alliance strategy was positively and highly correlated with growth of local horticulture firms in Kenya. The regression analysis, indicated that strategic alliance strategy was found to be statistically significant in explaining firm growth since a unit change in strategic alliance strategy only causes 0.384% change in Growth of local horticulture firms in Kenya as indicated by regression coefficient.

5.2.4 The effect of joint venture on growth of local horticulture firms in Kenya

Descriptive statistics was used to analyze this research objective and other subsequent analysis was done. The results showed the average mean was 3.1818 this meant that most of the respondents were in agreement with statements related to joint venture strategy.

Inferential statistical methods were used to arrive at the findings where deductions and relationships were established. After carrying out correlation analysis, the study results indicated that joint venture strategy was positively and highly correlated with growth of local horticulture firms in Kenya. The regression analysis, indicated that joint venture strategy was found to be statistically significant in explaining firm growth since a unit change in joint venture strategy only causes 0.269% change in Growth of local horticulture firms in Kenya as indicated by regression coefficient.

5.3 Conclusion

The study concludes that export strategy affected growth of local horticulture firms in Kenya. Indirect exporting, cooperative export and direct exporting affected firm growth to a great extent. Exporting strategy was exercised by firms which primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion, firms that are aggressive in exporting have clearly defined plans and strategy, including product, price, promotion, and distribution and research elements that leads to their growth.

The study concludes that franchising strategy affected growth of local horticulture firms in Kenya. Franchising strategy was adopted by firms to very great extent. Parent firms trading to the smaller companies the right to mete out their products or use their trade names and processes affected growth of horticulture firms to a very great extent. Coming together of parent companies and numerous small businesses affected growth of horticulture firms to a great extent.

The study also concludes that strategic alliances strategy affected growth of local horticulture firms in Kenya. Strategic alliance was moderately adopted in foreign market entry. Partner matching and value creation affected growth of horticulture firms to a great extent. Some of the issues that affected strategic alliances included that time demand to gain client confidence, adjustment costs and uncertainties, adjusting to foreign business practices, host government laws, the need to customize services in the foreign market, time demand to gain client confidence, competition from local firms, lack of knowledge and expertise to assess opportunities in foreign markets, language and cultural differences and lack of capital to finance expansion affected strategic alliances in foreign market entry.

The study concludes that joint venture strategy affected growth of local horticulture firms in Kenya. The international firm is less exposed to the risk expropriating thanks to partnership with the local firm, Joint ventures are favorable when the partners' strategic goals converge while other competitive goals diverge and lastly joint venture partnership gives business better control over operations and also access to host market knowledge.

5.4 Recommendations

The study recommends examination of more market entry strategies into the foreign market for the exploration of the market opportunities. Local Horticulture firms should critically analyze the various strategies at their disposal in entering a new market before making decisions on how to enter the selected market. Market entry strategy plays a very important role in determining the successfulness of the firms.

The study found that export strategy affected growth of local horticulture firms in Kenya. The study recommends that export strategy should be exercised by a firm who primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion. Indirect exporting often becomes the natural first step for newcomers to the international scene, as it requires minimal financial and management commitment, when compared to direct exporting. Exporting is usually the most common entry strategy choice for firms that are in their baby steps of internationalization, because there is a limited need for knowledge of the foreign market and transactions; expenses are lower, it is very flexible, and risk is not that high compared to, for example, a foreign direct investment (FDI) or a joint venture.

5.5 Recommendation for Further Studies

The coefficient of determination that is the percentage variation determination in the dependent variable that supported by the variation in independent variables is indicated by R square was 0.797. This implies that 79.7 percent of the variance in performance can be explained by; export strategies, franchising strategies, strategic alliances and joint venture strategies. This indicates that 20.3% of the changes can be explained by other factors.

The study recommends that further research should be done on the foreign market entry strategies adopted by local horticulture firms including other firms operating in other counties to allow for generalization of foreign market entry strategies adopted by local horticulture firms in Kenya since each employs a different market entry strategy. The researcher further recommends that a similar study be done on other institutions for the purposes of benchmarking.

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APPENDICES

Appendix I: Letter of Introduction

Victoria Waithera

Kenya Methodist University,

P.O. Box 45240 - 00100, Nairobi,

Kenya

Date: ………………………

The General Manager,

…………………..……………..

P.O. Box………………..……...

Nairobi

Dear Sir/Madam,

RE: REQUEST FOR COLLECTION OF RESERCH DATA

I am a post graduate student (Masters of International Business) from Kenya Methodist University, undertaking a research on" Effect of international market entry strategies on growth of local horticulture firms in Kenya with special focus on firms operating in Nairobi County". Your firm has been identified to participate in this study through your managers who would be requested to voluntarily fill the attached questionnaire.

I guarantee any information provided will be held in confidence and shall only be utilized for the purpose of this academic (thesis) study. No study firm or respondents will be named in the study, its findings or recommendation. The study will have direct benefit to the study firms and the researcher is will share the findings and recommendation to the firm that will wish to read the final report

Yours Faithfully,

Victoria Waithera

Appendix II: Research Questionnaire

Section A: Background Examination

1. Gender

   Male [ ] Female [ ]

2. Age

   Below 20years [ ] 21-25 years [ ] 26- 30yrs [ ]

   30-35 yrs [ ] 36- 40 years [ ] 40- 50 years [ ]

   Above 50 years [ ]

3. Level of education

   Primary [ ] Secondary [ ]

   College [ ] University [ ]

4. No of years worked in the enterprise

   Below One Yr [ ] 1- 2 Yrs [ ] 2-4 Yrs [ ]

   4-6 Yrs [ ] 6- 10 Yrs [ ] 10 -15 Yrs [ ]

   Above 15 Yrs [ ]

5. What is the total number of employees in your department: Please tick one

   Less than 50 [ ]

   50 – 100 [ ]

   Above 100 [ ]

Part A: Exporting Strategy

1. With regard to this firm, how would you rate the extent of adoption of exporting strategy in foreign market entry by your firm?

Very great extent	Great extent	Moderate extent	Little extent	Not at all

2. With regard to your firm, please rank the extent to which the following aspects of exporting affect growth of your firms? Rank on a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent

Aspect of Exporting strategy	**1**	**2**	**3**	**4**	**5**
a. Direct Exporting					
b. Indirect exporting					
c. Cooperative export					

3. Please use the point scale below to indicate your level of agreement by ticking each one of the given statement.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

	1	**2**	**3**	**4**	**5**
a. Indirect exporting gives firm the opportunity to utilize the experience and resources of more experienced exporters to expand business internationally.					
b. Exporting is usually the most common entry strategy choice for firms that are in their baby steps of					

internationalization					
c. Firms that are aggressive in exporting have clearly defined plans and strategy, including product, price, promotion, and distribution and research elements that leads to their growth					
d. Exporting strategy is exercised by firms which primarily view international markets as a means of disposing excess production, or a firm with limited resources available for international expansion					

4. What do you think should be done to enhance firm's growth through strategic alliances in foreign market entry by local horticulture firms?

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

Part B: Franchising Strategy

5. With regard to this firm, how would you rate the extent of adoption of franchising in foreign market entry by your firm?

Very great extent	Great extent	Moderate extent	Little extent	Not at all

6. With regard to this firm, please rank the extent to which the following aspects of franchising strategy affect growth of horticulture firms in Kenya? Rank on a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent

Aspect of Franchising strategy	1	2	3	4	5
a. Coming together of parent companies and numerous small businesses.					
b. Parent firms trading to the smaller companies the right to mete out their products or use their trade names and processes					
c. The recognition of agency affiliation among the company's parent and the franchisee					

7. What do you think should be done to enhance firm's growth through franchising strategy in foreign market entry by local horticulture firms?

…………………………………………………………………………………………….
………………………………………………………………………………………………

Part C: Strategic Alliances

8. With regard to this firm, how would you rate the extent of adoption of strategic alliances in foreign market entry by your firm?

Very great extent	Great extent	Moderate extent	Little extent	Not at all

9. With regard to this firm, please rank the extent to which the following aspects of strategic alliances affect the growth of your firm? Rank on a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent

Aspect of Strategic Alliance	1	2	3	4	5
e. Partner matching					
f. Strategic alignment					

g. Value creation					
h. Coordination and appreciation					

10. Rate the extent to which the following issues affect the strategic alliances in foreign market entry of this firm. Use a scale of 1 to 5 where 1= no extent, 2= little extent, 3= moderate extent, 4= large extent and 5 is to a very large extent.

Issues that affect application of strategic alliances in foreign market entry	**1**	**2**	**3**	**4**	**5**
a. Adjustment costs and uncertainties					
b. Adjusting to foreign business practices					
c. Host government laws					
d. The need to customize services in the foreign market					
e. Political instability in foreign markets					
f. Time demand to gain client confidence					
g. Cost of international business development.					
h. Competition from local firms					
i. Lack of knowledge and expertise to assess opportunities in foreign markets					
j. Lack of contacts in foreign markets					
k. Language and cultural differences					
l. Lack of capital to finance expansion					
m. Lack of knowledge on export regulations and procedures					
n. Lack of support from the Kenyan government					

11. What do you think should be done to enhance firm's growth through strategic alliances in foreign market entry by local horticulture firms?

…………………………………………………………………………………………….

………………………………………………………………………………………………

Part D: Joint Venture

12. Please use the point scale below to indicate your level of agreement by ticking each one of the given statement.

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

Opinion	**1**	**2**	**3**	**4**	**5**
a. I am in partnership with a host firm and have created firms in a new or existing market. (downstream collaboration)					
b. The joint venture partnership gives my business better control over operations and also access to host market knowledge					
c. The international firm is less exposed to the risk expropriating thanks to partnership with the local firm					
d. Joint venture allows political connections and distribution channels access					
e. Joint ventures are favorable when the partners' strategic goals converge while other competitive goals diverge					
f. Joint venture is favorable since my firm' size, market power, and resources are small compared to the industry leaders					
g. Through a joint venture I have learnt from my partner while limiting access to our own proprietary skills					

13. What do you think should be done to enhance firm's growth through joint venture in foreign market entry by local horticulture firms?

………………………………………………………………………………………….

……………………………………………………………………………………………

SECTION C: Enterprise Growth (EG)

14. Please indicate your degree of agreement with the following statements. **Kindly, use the following criteria: Strongly Disagree 1, Slightly Disagree 2, Slightly Agree 3, Strongly Agree 4**

	1	**2**	**3**	**4**	**5**
Increased sales over the past three years					
Increased revenue over the past three years					
Increased number of employees over the past three years					
Increased number of suppliers over the past three years					
Increased production over the past three years					
Increase adoption of technologies over the past three years					

Thank you for your assistance

Appendix III: List of Horticulture Companies in Kenya

1) Africa bloom ltd
2) Africalla lilies ltd
3) Afriscan kenya ltd
4) Alora flowers ltd.
5) Annak ltd (manda orchids)
6) Aquila dev. Co. Ltd s
7) Aquilla development co. Ltd.
8) Avenue fresh produce.
9) Baraka roses ltd
10) Batian flowers limited
11) Bawan rose’sltd.
12) Belt cargo services ltd.
13) Benev flora ltd
14) Benvar estates ltd
15) Beverly flowers ltd.
16) Bigot flowers (k) ltd
17) Biju superior flower k. Ltd.
18) Bilashaka flowers ltd
19) Brookveg limited
20) Bud of paradise.
21) Carzan cultures ltd.
22) Charm flowers ltd.
23) East african growers ltd.
24) Emmanuel horticulture
25) Enkasiti flowers ltd.
26) Equatorial blooms
27) Everest enterprises ltd.
28) Everfresh produce ltd
29) Fian green ltd.
30) Finlay flowers ltd kericho
31) Florafresh kenya ltd
32) Florensis (k) ltd
33) Flowercity (k) limited
34) Forever green growers ltd
35) Fourteen flowers ltd.
36) Frigoken ltd.
37) Galaxy flowers ltd
38) Gatoka ltd
39) Golden tulip farms ltd
40) Grandiflora
41) Greenlands agro producers ltd
42) Greenlands agro producers’ltd.
43) Groove ltd
44) Hillfarm fresh produce ltd.
45) Homegrown ltd.
46) Indu farm epz ltd.
47) Interveg exports ltd
48) Jade fresh ltd
49) Kandia fresh produce suppliers ltd
50) Kenya highlands nurseries Nakuru
51) Kijabe ltd.
52) Lamorna limited
53) Laurel investment ltd.
54) Lauren international flowers ltd
55) Live wire ltd
56) Locland ltd athi river
57) Lolomarik limited
58) Longonot farm.

59) Longonot horticulture farm.
60) Lowland vegetable growing co ltd
61) Maaskant flowers limited
62) Magana flowers. terrasol ltd .
63) Magana flowers kenya ltd
64) Magnolia enterprises
65) Makindu growers and packers ltd.
66) Maridadi flowers ltd
67) Mbogu tuu .
68) Meru greens horticulture epz ltd
69) Midori flowers ltd
70) Miyonga fresh greens enterprises
71) Mosi ltd.
72) Mt. Elgon flowers ltd
73) Mt. Elgon flowers ltd kitale
74) Munyu floriculture growers ltd
75) Mweiga blooms lt
76) Myner exporters'ltd.
77) Nini ltd.
78) Ol-njorowa ltd.
79) Oserian ltd.
80) P.j.dave flower ltd.
81) Pollen ltd ruiru
82) Primarose flower ltd.
83) Redhill flowers ltd.
84) Redlands roses ruiru
85) Sacco fresh ltd.
86) Saipei foods ltd
87) Sander (k) ltd.
88) Shalimar flowers (k) ltd.
89) Simbi roses
90) Simbi roses ltd thika
91) Six square ltimited.
92) Sojanmi springfield ltd
93) Soloplant (k) ltd
94) Sophia roses ltd thika
95) Sosiani flowers ltd
96) Spring fresh limited
97) Stockman rozen
98) Subati flowers ltd
99) Subati ltd.
100) Suera flowers ltd
101) Suera flowers ltd.
102) Sun floritech ltd
103) Sunmango ltd
104) sunripe (1976) ltd
105) Tambuzi ltd nanyuki
106) Tegmak blooms ltd.
107) Terra fleur thika
108) Terrasol ltd
109) The fresh approach ltd
110) The plant factory (k).
111) Timaflor limited
112) Tropical horticultural products ltd.
113) Urban acres fresh produce ltd
114) Vitacress (k) ltd.
115) Wamu investments ltd.
116) Waridi ltd.
117) Wildfire ltd
118) Wilfay investments ltd
119) Wilham (k) ltd.
120) Windsor flowers
121) Woni veg-fru exporters.
122) Xpressions flora limited
123) Zena roses ltd

Kenya Methodist University

P. O Box 267 - 60200, Meru, Kenya, Tel: (+254-020) 2118423-7, 064-30301/31229 Fax: (+254-064) 30162 Email: info@kemu.ac.ke , Website: www.kemu.ac.ke

August 8, 2018

Executive Secretary

National Council for Science and Technology

P.O Box 30623 – 00100

NAIROBI

Dear Sir/ Madam,

RE: VICTORIA WAITHERA – BUS-3-2868-2/2014

This is to confirm that the above named is a bona fide student of Kenya Methodist University pursuing a Master of Business Administration.

Victoria is undertaking a research study on "**Effect of International Market Entry Strategies on Growth of Local Horticulture Firms in Kenya**". To successfully complete her research work, she requires relevant data in her area of study.

In this regard, we kindly request your office to issue her a research permit to enable her collect the data for her academic research work.

We thank you in advance for your cooperation.

Yours faithfully

KENYA METHODIST UNIVERSITY POST GRADUATE CO-ORDINATOR 08 AUG 2018 SCHOOL OF BUSINESS & NAIROBI P.O. Box 45240-00100 NAIROBI

Dr. Evangeline Gichunge

Associate Dean, Research Development & Board of Postgraduate Studies

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P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/22896/25018**

Date: **24th September, 2018**

Victoria Waithera
Kenya Methodist University
P.O. Box 267- 60200
MERU.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effects on international market entry strategies on growth of local horticulture firms on Kenya"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **20th September, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. MOSES RUGUTT, PHD, OGW
DIRECTOR GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

National Commission for Science, Technology and innovation
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REPUBLIC OF KENYA

National Commission for Science, Technology and Innovation

RESEARCH LICENSE

Serial No.A 20753

CONDITIONS: see back page

of KENYA METHODIST UNIVERSITY, 27714-506 NAIROBI,has been permitted to conduct research in *Nairobi County*

Fee Recieved :Ksh 1000

on the topic: *EFFECTS ON INTERNATIONAL MARKET ENTRY STRATEGIES ON GROWTH OF LOCAL HORTICULTURE FIRMS ON KENYA*

for the period ending:
20th September,2019

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation