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An Analysis of Determinants of Internationalization: A Case Study of Selected Kenyan Pharmaceutical and Medical Equipment Firms

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Abstract:
Internationalization decision is one of the most crucial decisions in international business. This study aimed at analyzing internationalization determinants of selected Kenyan pharmaceutical and medical equipment firms. A census was used to gain access to information from members of the population. Organizations through internationalization aim at maximizing their profits and minimizing operating costs, a number of factors influence organizations internationalization and success, the study specifically looked at determinants such as: organization`s attributes, decision maker`s abilities, market features and regulatory support. It was therefore important to know how these factors influence the internationalization decision of the selected Kenyan pharmaceutical and medical equipment firms, as this decision will have a direct effect on their success in foreign markets.

Keywords: *Internationalization, Kenyan pharmaceutical and medical equipment firms, determining factors of internationalization, Multinational Corporations (MNCs)*

1. Introduction

Globalization is a platform that enabling organizations to carry their operations / activities beyond their national borders thus making them able to achieve their objectives and goals. According to Matusitz and Minei (2013), globalisation has allowed MNCs set a wide range of strategies, enabling them effectively and efficiently conduct their international operations. Globalization has pushed firms to expand their operations outside their home country, this expansion is done in stages where the firm at first focuses only on its local market with no export, then will later start exporting via an agent, followed by the establishment of a sales subsidiary then ultimately establish a production or manufacturing unit. The decision to internationalize requires a thorough and meticulous evaluation of all market entry modes, the potential political, economic, cultural and other risks to ascertain the business environment conduciveness in a host country. The MNC expansion strategy is a determinant of market entry decision, it ensures that the firm through its core competencies is able to exploit the host country`s opportunities, resources and capabilities to remain competitive in international. Andrew (2011) asserts that MNCs are sensitive to the (host country`s size, availability of resources, industry development, market competition, partnering firms availability, requirements and regulations) when deciding on the appropriate market entry strategy because the MNC`s decision of how to access international markets has a huge effect on its financial performance. MNCs market operations are conditioned by their foreign entry mode choice, market entry strategy choice, these choices influence the firm`s future decisions and success in foreign markets due to complex, continual change and dynamic business environment (Gathirua, 2013).

1.1. Manufacturing Firms in Kenya

The Kenyan manufacturing industry is a fast-growing sector and a considerable source of employment in Kenya. According to Nyori and Ogola (2015), the firms in the Kenyan manufacturing sector produce a wide variety of commodities that are designed to meet the domestic and foreign customer`s needs. The organization representing manufacturers in Kenya is the Kenyan association of manufacturers (KAM). KAM was founded in 1959; and has for objective to promote investment and trade, it encourages the enactment, formulation and execution of good policies that facilitate a competitive business environment and reduce the cost of doing business.

1.2. Kenyan Pharmaceutical and Medical Equipment Sector

The Kenyan pharmaceutical and medical equipment industry supports and maintains the health sector. According to Weru (2018), the Kenya is the largest producer in the Common Market for Eastern and Southern Africa (COMESA) region, serving about 50 per cent of markets in the region, the pharmaceutical manufacturing in Kenya can be traced back to the 1940s. Wamae and Kariuki (2014) have observed that local production is now predominately undertaken by locally owned firms and that the vast majority of pharmaceutical manufacturing companies in Kenya are engaged solely in converting manufactured large substances volumes into small usable forms and packaging. The pharmaceutical industry in Kenya is quickly growing and offers attractive opportunities to manufacturers and exporters to market their products in the East Africa pharmaceutical market. KAPI is an industry association established in late 1960's with the objective of representing and promoting the interests of the Medical Devices and Pharmaceutical industry in Kenya. KAPI's vision is to promote an ethical, innovative and responsible health care industry in Kenya, KAPI ensures that medicinal products of the good quality can be quickly available for to prevent and treat human and animal diseases.

1.3. Statement of the Problem

Majority of Studies on determinants of internationalization focus on emerging and developed countries, this leaves a knowledge gap for developing economies such as Kenya. There are few studies on the determinants that influence internationalization of Kenyan pharmaceutical and medical equipment firms and the researcher is not aware of any study that has been done on the analysis of the determinants that influence the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This study wishes to bridge this knowledge gap by analyzing the determinants that influence internationalization of selected Kenyan pharmaceutical and medical equipment firms.

1.4. Scope

The study focused on the determinants that influence internationalization of selected Kenyan pharmaceutical and medical equipment firms, the study targeted selected pharmaceutical and medical equipment firms in Kenya. The respondents included: Top level management, middle level management and lower level staff. The study was carried out from April to July 2018 where questionnaires were used to gather information from the respondents.

1.5. Limitations

1.5.1. Internationalization Measure in Terms of Financial Performance

Actual revenues figures are sensitive information and is not easily shared, the researcher sought to get the information through classification of firm`s revenues after internationalization as high, stable and low. The responses fell into the one range, therefore was a constant and an average measure from the three measures for internationalization of selected Kenyan pharmaceutical and medical equipment firms could not be computed this constituted a limitation.

2. Literature Review

2.1. Theoretical Review

2.1.1. Transaction Cost Theory

This theory is a relevant theoretical paradigm in finance and all other fields, transaction costs are costs incurred because firms participate and operate in markets, these costs include monitoring, negotiation and enforcement of verbalized and implied contracts between firms. Information costs, bargaining costs and enforcement costs constitute transaction costs (Jansson, 1994). Transaction cost theory is relevant in internationalization because it identifies environmental and human related factors to explain how companies organize their transactions to lower the costs associated with international business. Information costs are the costs associated with collecting information in order to identify and to appraise adequate business. Information costs involve prices distribution, product quality, the search for potential buyers and sellers, pertinent information on their attitude and surroundings. Bargaining costs are costs that occur when the organization participates in negotiations they include time and costs for legal and insurance issues, costs which evolve between the transacting parties during the negotiation phase. Enforcement costs appear after the contract has been set and it is aimed at sanctioning trading partners who do not perform according to the discussed terms.as day to day operations. The transaction cost theory fundamental assumption is that organizations attempt to reduce information costs, bargaining costs and enforcement costs when they undertake transactions. Williamson (1985) differentiated transaction costs as comprising of early costs (where the organization searches for information, safeguards, negotiates and drafts agreements) and actual costs (these are output measurement costs, input evaluation costs, enforcement and monitoring costs). Organizations that are incurred high level of transactions costs will to prefer internalize these transactions (Johanson and Mattsson, 1987; Madhok, 1997). The transaction cost theory assumes that organizations will choose to internationalize their activities or operations when they feel that operating in external foreign markets offers them a reduction in their transaction costs as compared to operating in their respective domestic markets, the more similar foreign markets are the lower risk taking and administrative costs which are foreign markets characteristics, internationalization starts in nearby foreign markets (Johanson and Mattsson, 1987). The transaction cost theory assumes that organizations will choose foreign market location and form that reduces their overall transacting costs (Coviello and Martin, 1999). The transaction cost theory is highly relevant because it shows that when considering internationalization or export function organizations adopt alternatives that reduce the sum of early and actual costs. Organizations gain comparative efficiency from internalization as a result of comparatively lower foreign market costs when contrast with costs of carrying exchanges in the market (Jones, 1998).

2.1.2. Resource Based View Theory

Barney, Wright & Ketchen (2001) assert that organizations enter foreign markets and internationalize their production activity in a bid to have access to resources that are unavailable in their domestic markets, MNCs will engage in cross border activities to gain access all assets and resources offered by foreign markets. For MNCs to access crucial resources, they collaborate with competitors on product flow, in other words they get into network relations with them. Intrinsic and extrinsic resources are modifiable or can be created inside the organization, between multiple organization and their surroundings (Ahokangas, 1998). Das and Teng (2000) assert that the RBV shows that the organization's resources are critical determinants of competitive advantage and performance. The resource-based principles highlight value maximization of a company through the pooling and utilization of valuable resources. Organizations strive to find the best resource borderline through which their resource value will be better realized rather than using combinations of other resources. Barney (1991) asserts that the value of a resource is dependent on the degree to which this resource is rare, valuable and difficult substitute. Managers seek to attain revitalization and reconfiguration of the organization`s resources because market environment and competition change and decrease the firm`s value (Rumelt 1984, de Rond 2003). The RBV is a relevant theory in internationalization because organizations seek divergent internationalization development strategies and they engage in different international time. The resource-based view model presumes that within an industry (or inside a strategic group) with regard to resources they control, organizations may be different and this resource difference may be carried through over time because the resources used by the organization to execute its strategies are not perfectly mobile across firms (that is some of the firm`s resources cannot be exchanged in factor markets and they are difficult to gather and imitate). Uniqueness of resources is a paramount condition for resources to provide competitive advantage, when all organizations in a given market have the same amount of resources strategies available to one firm will be available to all other firms in the market. For organization`s characteristics, the resource-based view argues that an organization are mainly made of resources that cannot be interchanged, resources that a hard to imitate and static. These resources are unique to a firm and help in the firm`s internationalization and success. Based on the resource-based view, intrinsic resources capabilities determine the level of organization involvement in cross border activities / operations, host country selection and market entry choice (Griffith and Hoppner, 2013). The resource-based view asserts that organizations initiate cross border activities or operations and achieve high performance in foreign market as a result of the uniqueness of resources they possess, this is the reason why some organizations are able to outperform other organizations although they are in operation in the same industry and location and are faced with the same market conditions.

2.1.3. Eclectic Paradigm Theory

The eclectic paradigm theory of international production was developed by John H. Dunning (1980). This theory offers a holistic framework that allows organizations to identify foreign growth factors of production. The eclectic theory model is seen as an eclectic model because it integrates different explanatory approaches from different theories into a single framework. Dunning (1980) eclectic paradigm is one of the various theories that explain the reason why organization internationalize. This internationalization theory relates to the advantages of ownership, location, and internalization. Dunning divided international production types in three known as: resource, market and efficiency seeking. These types of international production are elucidated by the endowment/efficiency paradigm. This theory explains that the firm specific advantages, location advantages are the factors considered by MNCs in their foreign markets entry decision. The eclectic paradigm explains the reasons why firms internationalize, and highlights the organization readiness and capacity to internationalize their production activities. According to Rugman (2010), factors that determine the organization international activities are location , ownership, and all foreign market advantages , when these factors are all satisfied the organization`s capacity to venture production activities in the foreign country increases. Letto-Gilles (2009) assert that ownership advantages are net competitive advantages that firms possess and are higher when compared to those of other firms from other countries when serving a specific market. Location advantages are the degree to which companies decide to locate their value added activities in foreign markets. Internalization advantages are the degree to which companies add value to their output to make them more profitable. Organizations-specific ownership of imperceptible assets such as technological / marketing knowledge, higher managerial capabilities helps them coordinate and control their international transactions. Location advantage is the comparison of countries specific inputs such as labor, materials and natural resources that are made accessible to companies operating in the host country's borders. Location advantage is the comparison of the trade barriers costs between countries; these are tariffs and non-tariff barriers, transportation costs. Internalization advantages are due to ownership advantage factors that become a private good once transferred outside the boundaries of the firm. According to Kudina, Alina, Yip & Barkema (2008) organizations always start by exporting casually before using a more aggressive export strategy, when the organization is reassured that the foreign market is favorable for sales helping increase profits and market share then the organization will search for strategic alliances to be able to adequately access and sale its products in the foreign market leading to creating partnership firms or totally new ventures, MNCs will closely monitor all foreign market characteristics (market potential , industry structure).

2.1.4. Institutional Theory

Organizations, state institutions and individuals are seen as entities that are affected by their external environment institutions. Wang, Hong, Kafouros and Wright (2012) in their study show that all firms in a particular industry and country are affected by institutions. Institutional factors such as state ownership affects the way organizations carry out their business in foreign markets. According to Ketkar & Acs (2012) due to globalization encouraging a large number of organizations to engage in cross border activities home and host countries policy makers create and develop institutional infrastructures that allows export volumes increase. Institutions affect how organizations behave by easing or hindering their international operations, institutions are characterized by rules and norms that are to be respected by all. The institutional theory emanated from Hall and Taylor (1998) who identified three schools of thoughts: the rational choice approach, sociological approach and the historical approach. However, the integrated perspective of the institutional theory came from the work of Scott (1995) who asserts that the institutions give meaning and stability to an organization`s social behavior. Institutions are the legal, political, economic and social rules that drive and maintain rules and norms (Scott, 1995). Established and non-established constraints reflect strategic choices of a specific institutional framework in which the organization is integrated (Oliver, 1997). This theory is relevant in internationalization because managers confront established and non-established constraints of a particular institutional framework. Dunning and Lundan (2008) asserts that the institution-theory shows that the strategic choice of the firm is empowered or constrained by various of institutional factors (these are factors promoting and hindering the amelioration of the firm`s capabilities and existing resources).The home country specific regulatory policies contributes to organization`s engagement in overseas expansion when they are, consistent, straightforward and liberal. Weak institutional frameworks make transaction costs of launching new business relationships and controlling potential transactions high by increasing search, negotiation and execution costs (Meyer, 2001). Buckley, Forsans, and Munjal (2012), assert that institution-theory argue that an organization internationalization strategy is molded in part by the institutional framework of the organization`s home country. According to Sillince and Barker (2012), Institutional theory main pillars are structures, schemes, rules, norms, routines; this theory explains economic interchanges between several economic units of analysis. Institutional theory components show how all these elements are created, and how they influence organizations. The institutional theory is relevant in internationalization because it looks at firm`s strategies and takes into consideration strategic choices as the resultant of such interactions between organizations and institutions (Peng, 2002).

2.2. Empirical Review

2.2.1. Factors That Influence Internationalization of Kenyan Manufacturing Firms

Internationalization provides to MNCs an attractive foreign market access and growth. MNCs can use international exposure to improve their home competitiveness through the development of their capabilities and skills; this will allow them to be players in foreign markets (Griffith and Hoppner, 2013). International expansion offers MNCs growth opportunities by giving them the opportunity to increase their market share; this is the reason why firms are expanding internationally, (Ibeh, Wilson, & Chizema, 2012). However, MNCs export survival relies mostly on the understanding the determinants of export performance. Leonidou and Katsikeas (2010) have attempted to identify variables that are critical to successful internationalization. Export marketing mix strategy, firm`s size and age, and international experience among others are internal determinants of successful internationalization. Advantages derived from internal resources enable MNCs to benefit from competitive advantage with the help of their potential; this potential ensures that competition in the industry do not overtake them. The manager`s international experience is a strategic imperceptible capability connected to decision-making with regard to of resource apportionment for performance improvement (Lages and Sousa, 2010). Foreign market attractiveness and market access are some other determinants of successful internationalization (Leonidou, Palihawadana, & Theodosiou, 2011). Foreign market attractiveness tends to condition export success; this creates threats and opportunities for organization. Host government political interventions can compel the organization to make changes in their operations, policies, and strategies. There is need for the firm to keep tracking in policies and regulations changes to remain competitive.

2.2.2. Role of Organization Attributes in Internationalization

Internationalization allows the MNCs growth by enlarging its customer base; this is the reason why a large number of organizations are expanding internationally. Barney (2011) asserts that the firm`s internal resources give competitive advantage thus leading to successful internationalization. Successful internationalization is dependent on the MNC characteristics such as: organization`s size, organization`s age and product appeal. Firm size can be measured by the number of employees working for the organization. The number of employees is widely used as a measure of firm size, due to majority of organizations unwillingness to disclose financial information. To compete in foreign markets, firms should be large enough as internationalization requires different strategies to be implemented to boost the firm`s performance. Internationalization requires commitment of resources, large organizations are able to expand their resources and expand their risk compared to smaller organizations. Chenke and Hao (2010) assert that the availability of managerial, financial resources as well as economies of scale allows large companies to easily internationalize. Furthermore, smaller organizations bear higher costs for foreign market information acquisition. Large organizations possess resources that enable them produce at a higher scope and scale and have a large orientation towards internationalization (Childs & Byoungho, 2015). Small size firms might lack resources therefore they will be very cautious and debate over whether or not to gain access to a large number of markets at greater scale and scope. Large organizations have higher know-how and possess higher resources, financial backing and have an increased market information access. The driving force for business internationalization is the experiential knowledge about foreign market operations. Stoain, Rialp, and Rialp (2011), through the use of the resource-based view argue that international experienced combined to the number of years the firm has been in operation are proxies for an organization`s foreign and domestic market knowledge through experiential learning. Stoain et al. (2011) used a gradualist approach to explain the reason why organizations internationalize, they assert that organizations tend to internationalize when they have become strong domestic market operators. The number of years the organization has been in operation, enables the organization adapt adequate and effective international marketing strategies by developing relevant capabilities needed, it enables the organization acquire competitive advantage in foreign markets (Ruzo, Losada, Navarro, & Díez, 2011; Sui & Baum, 2014). The amount of learning a company has acquired over a period is generally measured by the age of the firm. Older organizations are seen as having monetary resources, skilled and experienced personnel and higher economies of scale, these resources facilitate their cross border operations. According to Childs and Byoungho (2015), organizations that have experience possess high leverage when compared to less experienced organizations. More experienced organizations obtain market knowledge allowing them choose markets that are not close from the organization`s domestic market and access many countries. They believe that based on the experience level, organizations show different internationalization patterns. Firms with more experience are able to take greater risk in their decisions to enter countries because they are confident about adapting their products to local customer`s needs in foreign markets. MNCs internationalize due to their products ability and the perceived quality (consumers obtains product's attributes relevant information) , aesthics ( personal judgment about the company`s new product attractiveness) , performance (product operating characteristics and function performance) , durability (time frame the company`s products remain usable before they depreciate) and workmanship (this is how well manufactured the product appears to be) , all these product dimensions allows organizations to have sales increments and large market share in foreign markets.

2.2.3. Role of Decision Maker`s Abilities in Internationalization

The decision-maker's previous experience of the company`s home market and foreign market influence successful internationalization. The manager's personality, education level, age, language proficiency, and experience abroad, his/her managerial skill, and technical know-how are factors that impact successful internationalization. According to Stoian and al…(2011), organizations that employ inexperienced and unskilled staff display lower levels of performance because of poorly done swot analysis. Decision makers who have a high level of education are interested in foreign market affairs; they are able to evaluate the advantages and disadvantages of exporting, they possess more managerial knowledge and capabilities which could enhance export success. International experience and educational level determine the decision maker`s commitment towards internationalization. Maurel (2009) assert that decision makers with a higher educational level exhibit a high level of international and business activities issues awareness. He asserts that when decision makers have ambitious but realistic expectations on internationalization success, international activities in foreign markets are higher than those of managers without these expectations. Cross border activities such as: marketing orientation, activities planning and control, marketing research are crucial to an organization internationalization success. Management attitudes and perceptions of risk (on the advantages of internationalization and on the barriers to internationalization) are a prerequisite of international expansion. Risk-taking allows the organization to find opportunities and increase its activities volumes abroad. A tolerance for risk-taking is essential in pursuing international expansion (Pérez-Luño, Wiklund, & Cabrera, 2011). Managerial perceptions guide decision making in an organization (Stoian.M, 2010). Acedo and Galán (2011) assert that the perception of risks and opportunities in internationalization influence the decision to internationalize and affects the engagement of the organization to its cross border activities. The decision to internationalize will be approved by management when they have a positive attitude regarding the opportunities and risks that international expansion will provide. The decision-maker's perception of various foreign markets is motivated by the firm`s sales/profit goals. Similarities and differences the organization perceives between the domestic and foreign markets will determine their international expansion and will affect influence its success. Firms are provided with the opportunity build their foreign market knowledge and develop their capabilities as a result of their international experience (Clarke, Tamaschke, & Liesch, 2013). Navarro et al. (2010) assert that decision maker`s commitment is classify into two category (behavioral and attitudinal). They believe that the behavioral aspect of internationalization commitment is characterized by the human, financial and managerial resources organizations dedicate their cross border activities to. The attitudinal aspect shows that decision makers are willing to dedicate human, financial and managerial resources to cross border activities/ operations. Stoain (2011) argues that the resource allocation and other decision maker's special efforts translate into higher internationalization success. Decision maker`s perception of foreign markets will determine their level of commitment, commitment is a critical and strategic factor that impact the firm`s resource allocation. Internationalization goal consistency among the firm`s decision makers is crucial is important for internationalization success, the unwillingness of decision makers to commit the organization resources has a negative effect on internationalization success. In order to survive in foreign markets and maintain cross border operations, organizations should understand foreign customer`s buying patterns and attitudes and use efficient and effective marketing strategies in order to increase sales and customer base. Managers with an international outlook are better prepared to identify potential threats and benefit from new international opportunities (Moghaddam, Hamid, & Aliakbar, 2012). International experience is vital because organizations have to learn how to behave in a different market context. Griffith & Hoppner (2013) observed that the foreign market understanding facilitates the effective planning and controlling of export activities. Decision makers who exhibit great international experience have greater abilities to analyze international market, to identify host countries business opportunities and to meet potential foreign clients. Internationalization calls for specialized knowledge and experience requirements in the workforce (Brambilla, Lederman, & Porto, 2012, Love & Roper, 2015). Jurgita (2017) asserts that manager`s experience gives accrue knowledge and skills for managers and business contacts, this may increase the ability of a manager to identify opportunities and exploit them. Organization managed by decision makers who exhibit relatively high aspirations for the organization`s growth in foreign markets and organization`s performance (sales, profits) perform better than other organization in the same markets / industry. Stoain et al. (2011) also argue that decision maker`s managerial perceptions of internationalization offering greater profit and growth, when compared to domestic market sales represents a critical determinant of export performance. Other internationalization determinants include: management awareness of foreign market issues, management attitudes and dispositions). According to Hultman, Katsikeas, and Robson (2011), uncertainty challenges the acquired export operations knowledge of managers. A manager`s international experience gives sustainable competitive advantage to the firm, the managers is able to identify environmental conditions differences and is able to choose markets that are attractive and adapt export marketing strategies to match those markets specific needs.

2.2.4. Role of Market Features in Internationalization

Market access is improved by the lowering of trade barriers. A trade barrier is a policy put in place that slows down the ability of an organization to access, create, or endure business in foreign markets. The industry, institutional environments, market structure and other attributes and features influence the creation and evolution of new companies (Lamotte & Colovic, 2015). Milanzi (2012) noted that small firms will most likely face problems such as organizational deficiencies, resource constraints, and managerial limitations. Export barriers understanding can help in determining the reason why some organizations that export are not able to produce in their maximum capacity and also determining the reason why other companies fail to succeed. Export barriers are viewed as intrinsic and extrinsic. Intrinsic barriers are related to organizational resources/capabilities and the organization's approach to exporting. Extrinsic barriers exist due to the domestic and foreign environment within which the company operates. Internationalization enables MNCs diversify their country risks; reduce their dependency on their domestic suppliers and customers, (Pukall & .Calabrò, 2014). But foreign markets are characterized by regulatory frameworks that have great standards that protect foreign market consumers; therefore, managers have to distribute resources to ensure that the organization`s product adaptation strategies meet foreign markets quality standards. Foreign market knowledge will influence organization`s commitment decisions to cross border operations and the way these operations are undertaken, foreign market resource commitment affect the organization foreign market knowledge. Organizations seeking internationalization tend to search for foreign markets that are nearer to them with less psychic distance. Psychic distance can be explained by differences in culture, differences in language, and differences political systems), organizations that do not have international links with foreign markets will start their internationalization by exporting their commodities to foreign markets via an agent or will access foreign markets through joint ventures and other modes. Freeman and Styles (2014) noted that firm's location influence positively international expansion because of all its accrued benefits. Firm`s location allows taking advantage of good infrastructure and supply of raw material, skilled and cheap labor cost, resources helping the firm gain competitive advantage. Tang (2011) asserts that the exchange of resources is motivated by commitment of organizations to developing and maintaining relationships. Internationalization allows companies to take advantage of cheap labor costs, lower product prices, skilled employees and their knowledge in foreign markets (Dicken, 2011). International expansion is influenced by culture and regulations, organizations most likely enter countries with similar culture in order to increase their success rate. Organization face great uncertainties when they enter countries perceived as not similar to the home country.

2.2.5. Role of Regulatory Support in Internationalization

The regulatory environment can interfere in foreign businesses affairs. Cuervo-Cazurra (2011) asserts that institutions affect a firm's domestic and global success because the absence or presence of particular inputs outside the organization induces distinct resources development relying on particular extrinsic inputs availability or compensating for certain extrinsic inputs unavailability. According to Marano, Arregle, Hitt, Spadafora, & .Essen (2016), home and host countries institutions are regulatory/legal, economic , Institutional factors are linked to an organization economy's performance and regulatory environmental effects on internationalization (Gupta, Guo, Canever, Yim, Sraw and Liu, 2014). Institutions may execute or put into action policies encouraging organizations to grow or policies having constraints on these organizations. These regulations and policies might either reduce organization`s ability to internationalize or allow these organization to internationalize so as to escape limitations in their home country (Wang et al., 2012). According to Tang (2011), smaller firms are faced with greater initial entry barriers than larger firms when developing formal business relationships. The host country can enforce operations, policies, and strategies changes in a foreign organization; these may compromise the competitiveness and effectiveness of MNCs activities. Tracking regulation changes in foreign markets is paramount for organizations engaged in cross border activities. Baum and al… (2011) observed unknown legal or cultural practices entry barriers are sometimes difficult to overcome. They believe that when (legal, market or culture-based uncertainties) are limitation in internationalization, organizations will most likely be discourage to venture in foreign markets when these limitations exist. The foreign country's government by enforcing exchange controls will hugely affect the organization`s financing, reinvestment and repatriation decisions. Monetary barriers reduce the organization's capability to decrease their initial expenditure and secure revenues necessary to finance all ongoing development costs (Baum et al., 2011), this is the reason why foreign government`s pressures are paramount in organization`s internationalization success because these pressures can develop or reduce organization`s capabilities and effectiveness. Konadu (2016) observed that organizations facing legal problems like the freedom of conversion, currencies transfer, when aware of these problems managers of these organizations tend to perform better. However, managers of high performing organizations are better equipped to design more appropriate strategies to overcome these challenges than managers of low-performing organizations.

2.2.6. Internationalization

Globalization has created an increasing urgency for organizations to internationalize their operations. Globalisation has allowed the integration of consumer`s preferences and tastes through liberalization of markets and technology development, transport development. These developments have in turn given way to new business opportunities for organizations. On the other hand, with globalization organizations all over the world are faced with new challenges and Kenyan firms are also faced with these challenges. Globalization brought local markets liberalization that is characterized by increased competition between new entrants both from within and outside borders. Internationalization is the involvement of organizations in international markets. Robert, Sharif, and Edwards (2015) define internationalization as an external shift in an organization's cross border activities; it is the process of increasing international commitment of their international operations. The decision to go international is a very critical decision. The development of economy and technology, international trade has allowed organizations to transact beyond their national borders. A firm may choose to internationalize due to various reasons, such as trade barriers lowering or elimination that make it easy for firms to access new markets, the pursuit of cheaper resources, the increasing consumer requirements in the overseas market. According to the Uppsala model in order to internationalize the firm follows a process. This model argues that the organization is mostly a domestic firm in terms of markets and production at first. Once the organization reaches saturation in its home market, in order to maintain growth and profitability the organization looks into foreign markets. At early stages, the organization enters foreign markets through exports by using overseas sales agent services; these sales agents are independent of the exporting organization. In the second stage, the organization gains control over its foreign sales by setting up its own sales outlets. This second stage is done in two ways, the organization first sets up an entirely new outlet and secondly it acquires local firms. Lastly the organization establishes its entire production equipment when it performs better and acquires good profits. According to Ravelomanana, Liang, Mahazomanana, and Miarisoa (2015), the reason why organizations internationalize is due to their wish to expand their sales into new and more profitable markets. Foreign markets allow organization to be profitable, to attain latest technology and innovations in the product and manufacturing process. Internationalization can also be referred to as globalization. Globalization has been triggered by host country governments reducing trade and investment barriers. Globalization has made it possible for firms to find new opportunities by internationalizing their operations.

2.3. Conceptual Framework

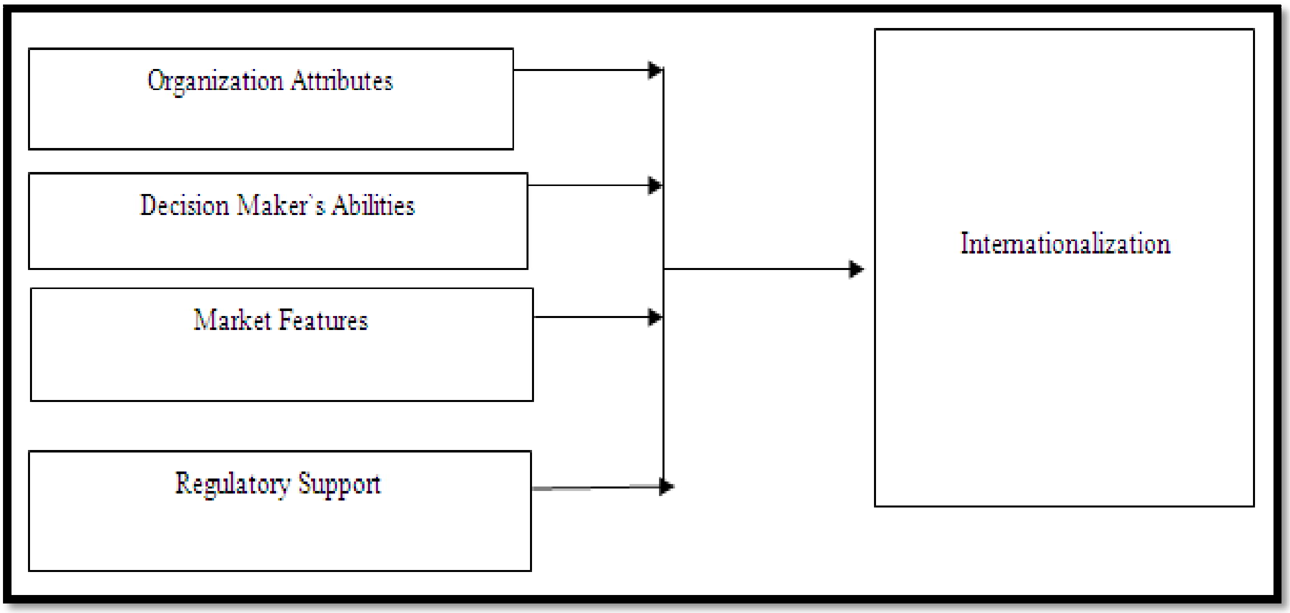

Figure 1: Conceptual Framework
Source: Author (2018)

2.4. Operationalization of Variables

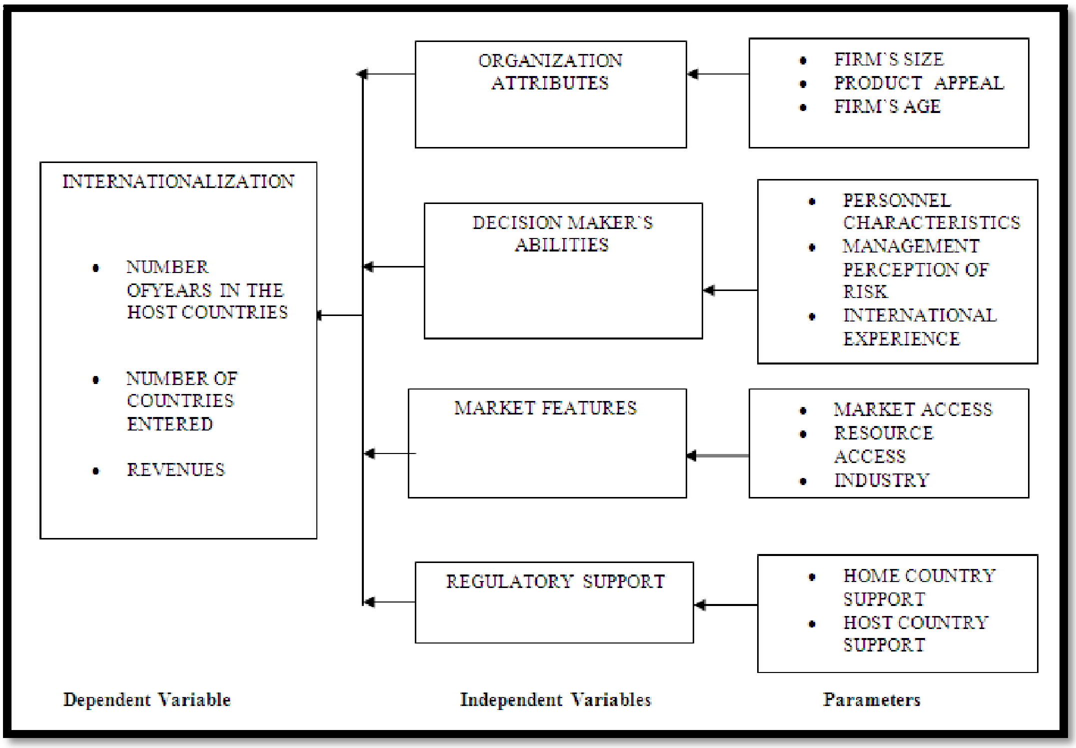

Figure 2: Operationalization Framework
Source: Author (2018)

3. Research Methodology

3.1. Research Design

A descriptive research design was used in this study, the design was preferred because it is concerned with answering questions such as who, how, what which, when and how much (Cooper & Schindler, 2011). This method helped collect data from members of a population in order to determine the status of that population with respect to one or more variables (Cooper & Schindler, 2011).

3.2. Target Population

Categories	Population Size	Frequencies (%)
Top Level	25	33.33
Middle level	25	33.33
Lower level	25	33.34
Total	75	100

Table 1: Target Population
Source: Author (2018)

The target population in this study included: 25 top managers, 25 middle managers, 25 lower level staff; in these three categories of respondents the researcher randomly selected one respondent from each of the 25 selected Kenyan pharmaceutical and medical equipment firms.

3.3. Sample Design and Sample

The study used census, this means that the entire population of the selected Kenyan pharmaceutical and medical equipment firms was used to analyze data.

3.4. Data Collection Instrument and Procedures

Primary data was used and was collected by the use of questionnaires; a scale was administered to measure the attitude of determinants of internationalization of the pharmaceutical and medical firms. This scale consisted of 5 point a likert-type item (5- strongly agree, 4- agree, 3- neutral, 2- disagree and 1- strongly disagree) that was combined into a single composite variable during the data analysis process. The respondents were approached through a consent letter to the management of the organization. The researcher then distributed the questionnaire by email or physically depending on the respondents' preference and collected the completed questionnaire for analysis.

3.5. Data Analysis

Questionnaires were first edited for consistency and completeness to ensure that respondents complete questionnaires as required. Data collected from the questionnaires was edited and coded to enable category grouping of responses. This involved giving all statements numeric codes based on meaning for ease of data capturing. The data was gathered and analyzed by use of descriptive and quantitative statistics. This was done with the help of computer applications, specifically the SPSS software. The descriptive statistics assisted in determining the respondents' degree of agreement with the various statements under each factor and describing the data. The use of percentages, means, modes and standard deviation was employed. Information was presented in the form of detailed descriptions with use of other presentation techniques like tables. Descriptive statistics involving percentages, measures of central tendency, frequencies and measures of dispersion, as well as inferential statistics with 5% test significance level which entail correlation and regressions models was used to analyze quantitative data. Inferential statistics took the form of:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

Where: Y = Internationalization

X_1 , X_2 , X_3 , X_4 = Independent Variables

X_1= Organization`s attributes

X_2= Decision maker`s abilities

X_3= Market features

X_4= Regulatory support

β_0= Constant

β_1, β_2 ,β_3, β_4 = Regression coefficients or Change included in Y by each X value

e = error term

4. Results and Discussion

4.1. Reliability Test

Variable	Cronbach`s Alpha
Organization Attributes	0.7881
Decision maker`s Abilities	0.7415
Market Features	0.7263
Regulatory Support	0.7332

Table 2: Reliability Test
Source: Author (2018)

Hair, Black, Babin, & Anderson (2010) showed that, Cronbach's alpha ranging between 0.6 to 0.7 is acceptable and a good indication of a reliable measure. The Cronbach's statistics was run on the questionnaires. The scale reported a coefficient of 0.7; this indicates a high level of consistency for the risk attitude scale used in the questionnaires.

4.2. Response Rate

Details	Frequency	Percent
Distributed Questionnaires	75	100%
Valid Questionnaires	60	80%

Table 3: Response Rate
Source: Author (2018)

The researcher distributed seventy five questionnaires and was able to collect sixty fully filled in questionnaires which represented 80% of the total questionnaires distributed. According to Kothari (2004) anything above 70% is considered to be an excellent response rate, 60-70% is considered adequate, 50% response rate is considered average. Morrison and Louis (2007) indicated that for a social study, anything above 60% response rate is adequate for making significant conclusion in social sciences. The 80% response rate was therefore a good representative of the respondents to provide enough information for analysis and to derive conclusions. However some respondents were reluctant to respond to questionnaires citing stringent disclosure policies, demanding work schedules and general lack of time as their excuses.

4.3. Descriptive Analysis

4.3.1. Gender Distribution of the Respondents

	Frequency	Percent
Male	25	41.7%
Female	35	58.3%
Total	60	100%

Table 4: Gender Distribution of the Respondents
Source: Author (2018)

Respondents were investigated in this study to determine the level of representation in the management, it is quite clear that a majority of (58.3%) of the respondents were female whereas about (41.7%) were found to be males as shown in the table above.

4.3.2. Work Experience

	Percent
Less than 3 years	20%
4 years and above	80%
Total	100%

Table 5: Work Experience of the Respondents
Source: Author (2018)

Table 5 shows that out of the total respondents investigated for this study, a majority of them (80%) have served their organizations for four years and above. (20%) of the respondents have served their organizations for less than three years, These findings show that more work experience most likely is part of the internationalization of selected Kenyan pharmaceutical and medical equipment firms.

4.3.3. Highest Level of Education

	Percent
Diploma	5.0%
Bachelors & Masters	95%
Total	100%

Table 6: Level of Education the Respondents
Source: Author (2018)

Table 6 shows that most of the respondents (95%) have Bachelors and Masters while (5.0%) of respondents have Diplomas. This study shows that the pharmaceutical and medical equipment sector staff qualifications most likely have been part of their internationalization.

4.3.4. Organization Attributes Influence on Selected Kenyan Pharmaceutical and Medical Equipment Firms

The study`s first objective was to analyze how organization attributes influence the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This variable was measured by firm`s size, firm`s age and product appeal. These measures (firm`s size, firm`s age and product appeal) are intrinsic components of organizations that allows them gain competitive advantage in foreign markets.

4.3.4.1. Firm`s Size

	Percent
Medium (50 – 249)	20%
Large (250 and above)	80%
Total	100%

Table 7: Firm`S Size of Selected Kenyan Pharmaceutical and Medical Equipment Firms (Number of Employees)
Source: Author (2018)

Farahnaz and Eskandari (2012) assert that measuring the employee's enrolment and value added measurement are a better choice in measuring the size of the firm in organizational theories rather than sales or assets. One of the crucial characteristics examined on the firms is the number of employees they contain. The evidence indicates that majority, (80%) of the organizations considered in the study have a volume of employees of 250 employees and above, these companies are ranked as large firms. The next highest category of organizations featured in the study was formed by those who have employees in the range of 50 to 249 as this constituted (20%), these companies are ranked as medium firms. Table 7 shows that the selected Kenyan pharmaceutical and medical equipment firms industry is composed mostly of large companies.

4.3.4.2. Firm`S Size Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

	Number of Countries Entered in the COMESA Region		
Size	(1 - 5 countries)	(5 countries and above)	Total
Medium (50 - 249)	12	0	12
Large (250 and above)	30	18	48
Total	42	18	60

Table 8: Firm`S Size Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms Internationalization
Source: Author (2018)

Chenke and Hao (2010) assert that due to availability of managerial, financial resources as well as economies of scale larger organizations show a higher degree of internationalization Furthermore, smaller organizations bear higher costs for acquiring foreign market information. Large organizations have a variety of resources allowing them to operate at higher scale and scope compared to smaller organizations and these large organizations have a greater orientation towards internationalization (Childs & Byoungho, 2015). It was important to ascertain whether in the respondents opinions company size had an influence on internationalization. The study shows that large organizations have a higher propensity to internationalize compare to medium organization. Table 8 shows that organization`s size influences the internationalization of selected Kenyan pharmaceutical and medical equipment firms.

4.3.4.3. Firm`s Age

Firm age is the number of years that the business has been in operation legally. It can further be defined in terms of the number of years firm has been engaged in exporting operations.

	Percent
3 to 5 years	1.70%
Above 5 years	98.30
Total	100

Table 9: Firm`s Age
Source: Author (2018)

Table 9, shows that majority (98.3%) of the organizations have been in operations in Kenya for more than 5 years. Organizations that have been in operation for more than 5 years have been able to tap into a large number of COMESA members countries.

	Number of Countries Entered in the COMESA Region		
Age	(1 - 5 countries)	(5 countries and above)	Total
3 - 5 years	1	0	1
5 years and above	41	18	59
Total	42	18	60

Table 10: Firm`S Age Influence the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms
Source: Author (2018)

Organizations that have been in operations for more than 5 years have gained access to large number of countries as compared to those that have been in operations for 5 years and less. Table 10 shows that the organization age influences the internationalization of selected Kenyan pharmaceutical and medical equipment firms.

4.3.4.4. Product Appeal

Statement	Mean	Standard Deviation
The firm`s product packaging and labeling is attractive in foreign market(s).	4.0850	0 .27851
The good performance of the firm`s product influences the decision to enter into foreign markets.	4.2500	0 .47389
The product long life of the firm`s product influences the decision to enter into foreign markets.	4.2000	0 .44341
The product ISO certification influences the firm`s decision to enter into foreign markets.	4.0833	0.33404

Table 11: Product Characteristics as Factor That Influence an Organization`S Decision to Enter Foreign Markets
Source: Author (2018)

The study evaluated product appeal and its influence on the internationalization of selected Kenyan pharmaceutical and medical equipment firms. For the purpose of this, respondents were presented with categorized measuring statements of various product aspects: product quality, product`s packaging and labeling, product performance, product long life and product ISO certification. Product characteristics were evaluated using five point Likert scale measurement. The first statement sought to assess if the quality of the firm`s product makes the organization enter foreign markets, this question had the highest average mean score (4.5500) with a standard deviation of (0.53441), respondents tended to agree that the organization`s product quality allows the organization enter foreign markets. Responses to the statement that sought to assess if product good performance influence the organization foreign market entry showed a mean of (4.2500) with a standard deviation of (0.47389), respondents indicated their agreement with the statement. Respondents tended to agree to the statement that sought assess if product long life influences the organization`s foreign market entry decision, the average mean score and standard deviation of this statement was (4.2000, 0.44341) respectively. Responses that sought to determine if the organization`s product packaging and labeling was attractive in foreign markets showed a mean of (4.0850) and a standard deviation of (0.27851) , respondents indicated their agreement with the statement. Respondents tended to agree with the statement that sought to find out if the organization`s product ISO certification makes the selected Kenyan pharmaceutical and medical equipment firms enter foreign markets , the responses had a mean of 4.0833 and standard deviation of (0. 33404) respectively.

<u>4.3.5. Decision Maker`S Abilities Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms</u>

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	Percent
Manager`s characters and traits	40.00%
Manager`s technical and professional experience	36.70%
Manager`s leadership skills	38.30%
Manager`s managerial skills	38.30%
Manager`s environmental risk assessment	43.30%
Manager`s language proficiency	38.30%
Manager`s foreign market analyses	41.70%

Table 12: Decision Maker`S Abilities Influence on the Organization`S Decision to Enter Foreign Markets
Source: Author (2018)

Table 12 shows that decision maker`s abilities measures means and standard deviation are closely related showing no notable difference in distribution. The respondents were asked which decision maker`s abilities influenced internationalization. The study shows that that manager`s environmental risk assessment had the highest frequency and percentage (43.3%), followed by manager`s environmental risk assessment (41.70%), These abilities are seen to be critical in the internationalization of selected Kenyan pharmaceutical and medical equipment firms. Perception of risks and opportunities in internationalization influence the decision to internationalize and affects the engagement of the organization to its cross border activities. The decision to internationalize will be approved by management when they have a positive attitude regarding the opportunities and risks that international expansion will provide.

4.3.6. Market Characteristics Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

Statement	Mean	Standard Deviation
Cultural similarity between the country of origin and foreign market influences foreign market entry	4.5667	0.88999
The firm`s pricing allows to easily secure access the foreign market share	4.3000	0.59089
High tariffs make it difficult to enter foreign markets.	4.2665	0.44595
Government requirements in the foreign market do not allow the firm to adequately sell its products.	3.9833	0.46910
The firm`s foreign market entry decision is affected by internal and external barriers.	4.2167	0.49030
Foreign market location gives access to good infrastructure that enhances the firm`s sales.	4.4333	0.49972
The firm can easily access and utilize existing distribution channels in foreign market due to favorable market regulations.	3.8000	0.57637
The firm enters foreign market because the industry is attractive.	3.1333	0.72408
There is a possibility for growth in the foreign market industry.	3.3333	0.50979
The entry in the foreign industry is challenging	4.0333	0.51967
There is a lower competition in the foreign market.	1.8833	0.49030

Table 13: Market Characteristics Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms.
Source: Author (2018)

The study evaluated market features that influence the internationalization of selected Kenyan pharmaceutical and medical equipment firms. For the purpose of this, respondents were presented with categorized measuring statements of various product aspects: cultural similarity , firm`s pricing , high tariffs , government requirements , internal and external barriers foreign market location , favorable market regulations , industry attractiveness , industry entry challenges , lower competition. The first statement sought to assess if cultural similarity is a reason why their organization enters foreign markets this question had the highest average mean score (4.5667) with a standard deviation of (0.88999), respondents tended to agree that cultural similarity is a reason why their firms enter foreign markets. Responses to the statement that sought to assess if firm`s pricing allows the firm to easily secure foreign market share showed a mean of (4.3000) with a standard deviation of (0.59089), respondents indicated their agreement with the statement. Respondents tended to agree to the statement that sought assess if high tariffs make it difficult for their organization to enter foreign market, the average mean score and standard deviation of this statement was (4.2667, 0.44595) respectively. Responses to the statement that sought to assess if foreign market entry is influenced by internal and external barriers had an average mean score (4.2167) with a standard deviation of (0.49030), respondents tended to agree that foreign market entry is influenced by internal and external barriers. Respondents tended to agree to the statement that sought assess if foreign market location gives access to good infrastructures to enhance their firm`s sales, the average mean score and standard deviation of this statement was (4.4333, 0.49972) respectively. Responses to the statement that sought to assess if entry in the foreign industry was challenging had an average mean score (4.0333) with a standard deviation of (0.51967), respondents tended to agree that foreign market entry is entry is challenging. On the other hand respondents were neutral about government requirements in the foreign market not allowing the firm to adequately sell its products; responses had an average mean score of (3.9833) and standard deviation of (0.46910). Responses to the statement that sought to assess if favorable market conditions in the foreign countries ease the firm`s access to distribution channels had an average mean score (3.8000) with a standard deviation of (0.57637), respondents tended to be neutral about favorable market conditions in foreign countries that ease the firm`s access to distribution channels. Respondents tended to be neutral with the statement that sought to find out if industry attractiveness prompts the firm to enter foreign markets; the responses had an average mean score of (3.1333) and standard deviation of (0.72408) respectively. Responses to the statement that sought to assess if there was a possibility of growth in the foreign market had an average mean score (3.3333) with a standard deviation of (0.50979), respondents tended to be neutral about a possibility of growth in the foreign market. Respondents tended to strongly disagreed with the statement stating foreign market had lower competition encouraging organization internationalization, responses had an average mean score of (1.8833) and standard deviation of (0.49030).

4.4.7. Regulatory Support Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

	Percent
Government agreements between countries	83.30%
Government regulations	88.30%
Provision of government incentives	81.70%
Regulations and policies in the foreign market	85.00%

Table 14: Regulatory Support and Its Influence on Organization`S Decision to Enter Foreign Markets
Source: Author (2018)

The respondents were asked which regulatory support items influenced internationalization. The study shows that government regulations had the highest percentage (88.3%) thus can be seen as critical in the internationalization of the selected Kenyan pharmaceutical and medical equipment firms.

4.4.8. Internationalization

The study shows that the majority of selected Kenyan pharmaceutical and medical equipment firms (60%) have been exporting in COMESA member's countries for 5 years and less and (40%) have been exporting in COMESA member's countries for 5 years and above. This majority (60%) of selected pharmaceutical and medical equipment firms since internationalization has entered 1 to 5 countries in the COMESA region and their profits since internationalization have been high.

4.5. Inferential Statistics

4.5.1. Autocorrelation Test

Model	Durbin-Watson
1	1.83141

Table 15: Autocorrelation Test
a. Predictors: (Constant), Organization Attributes, Decision Maker`S Abilities, Market Features, Regulatory Support
b. Dependent Variable: Number of Countries Entered In Comesa Region
Source: Author (2018)

Montgomery, Peck & Vining (2001) assert that Durbin-Watson test is based on the assumption that the regression model errors are generated by a first-order autoregressive process observed at equally spaced time periods. Table 14 indicates that the Durbin-Watson's value is 1.83141 and it is within the value ranging between 1.5 and 2.5 and hence there was no presence of autocorrelation in the data. Given the absence of autocorrelation, it therefore means that the data was reliable for further analysis.

A stepwise approach on each measure of internationalization (number of countries entered in the COMESA region, umber of ears the organization has been exporting in the COMESA region, and the firm`s revenues after internationalization) was used to analyze data in the study. The firm`s revenues after internationalization responses fell into the same range , therefore was a constant and an average measure from the three measures for internationalization of selected Kenyan pharmaceutical and medical equipment firms could not be computed this constituted a limitation. The study used the number of countries entered in the COMESA region as the dependent variable. (Appendix 1) shows the number of years the company has been exporting in the COMESA as dependent variables.

4.5.2. Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
Organization Attributes	0.720	1.390
Decision maker`s Abilities	0.933	1.071
Market features	0.954	1.049
Regulatory support	0.935	1.070

Table 16: Multicollinearity Test
Source: Author (2018)

Multicollinearity occurs when more than two predictor variables are inter-correlated. To test for multicollinearity, Variance Inflation Variable (VIF) or tolerance is a diagnostic method that was used to detect how severe the multicollinearity problem was in the study`s multiple regression model. VIF statistic of a predictor in a model is purely the reciprocal of tolerance and it indicates how much larger the error variance for the unique effect of a predictor (Baguley, 2012). If two or more variables have a Variance Inflation Factor (VIF) of 5 or greater than 5, one of these variables must be removed from the regression analysis as this indicates presence of multicollinearity (Runkle, DeFusco, Anson, Pinto, & McLeavey, 2013). From Table 16 there is no VIF with a value of 5 or greater than 5 and therefore no presence of multicollinearity.

4.5.3. Regression Analysis

The regression analysis was performed on each measure of internationalization stepwise, an average measure from the three measures for internationalization of selected Kenyan pharmaceutical and medical equipment firms could not be computed because internationalization measure in terms of financial performance responses fell in the same range and therefore was a constant; this constituted a limitation. The study used the number of countries entered in the COMESA region as dependent variable. (Appendix 1) shows the number of years the company has been exporting in the COMESA region as dependent variable.

A multiple linear regressions of variables were carried out to assess the determinants of internationalization of selected Kenyan pharmaceutical and medical equipment firms. Tables 17 provides a summary of model and indicate the adjusted o used as test for model fitness. From the results, it is clear that the four independent variables predict the internationalization (adjusted R squared = 0.503). That means the model explains 74.7 percent of the variance in the determinants of internationalization (r square = .747), 25.3 percent of variations are brought about by factors not captured in the objectives. Therefore, further research should be conducted to investigate the other factors that affect the internationalization of selected Kenyan pharmaceutical and medical equipment firms. According to Hair, Black, Babin, & Anderson (2010), R squared values of 0.75, 0.50, or 0.25 for endogenous latent variables can, as a rough rule of thumb, be respectively described as substantial, moderate or weak. From the study the regression equation appears to be very useful for making predictions since the value of R2 is close to 1.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864[a]	.747	.503	1.17087

Table 17: Coefficient of Determination (R^2)

a. Predictors: (Constant), Organization Attributes, Market Features, Decision Makers Abilities, Regulatory Support

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	68.046	4	17.011	5.07	.002[b]
	Residual	184.554	55	3.356		
	Total	252. 600	59			

Table 18: ANOVA [A]

a. Dependent Variable: Number of Countries Entered in Comesa Region

b. Predictors: (Constant), Organization Attributes, Market Features, Decision Maker`S Abilities, Regulatory Support

The significance value is 0.002 which is less that 0.1 thus the model is statistically significant in predicting independent variables (Organization features, Decision maker`s abilities, Market features, Regulatory support) this shows that the overall model was significant.

Multiple regression analysis was conducted to determine the relationship between the (Organization features, decision maker`s abilities, market features, regulatory support) and internationalization.

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	Std. Error	Beta	t	Sig
(Constant)	8.109	2.113		3.837	.000
Organization Attributes	.764	.281	.369	2.717	.009
Decision Makers Abilities	-.653	.247	-.316	-2.647	.011
Market Features	-.631	.246	-.305	-2.562	.013
Regulatory Support	-.749	.462	-.194	-1.623	.110

Table 19: Regression Analysis Results – Regression Coefficients

a. Dependent Variable: Number of Countries Entered in Comesa Region

The study was guided by the following regression model:
$IOSKPMEFi, t = \beta 0 + \beta 1\ OAi, t + \beta 2\ DMAi, t + \beta 3\ MFi, t + \beta 4\ RS\ i, t + e$
Where: Y = Internationalization of selected Kenyan pharmaceutical and medical equipment firms (IOSKPMEF) and (X_1 , X_2 , X_3 , X_4= control Variables)
X_1= Organization Attributes (OA)
X_2=Decision Maker`s Abilities (DMA)
X_3= Market Features (MF)
X_4= Regulatory support (RS)
β_0= Constant
β_1, β_2 ,β_3, β_4 = Regression coefficients or Change included in Y by each X value
e = error term
Number of countries entered in the COMESA region = $8.109 + 0.764X_1 - 0.653 X_2 – 0.631 X_3 – 0.749 X_4 + e$

According to the regression equation established, taking all factors into account (Organization features, Decision maker`s abilities, Market features, Regulatory support) constant at zero internationalization will be 8.109. Organization features was found to be significant (Beta = 0.764, P= 0.009). These findings agree with Reis and Forte (2016) who found a positive and significant relationship with organization attributes and internationalization. They argue that organization attributes are important determinants of a firm's internationalization. The study revealed that decision maker`s abilities was significant (Beta= 0.653, P= 0.011) This finding disagrees with Jieke, Sousa and Xinming (2016) findings from their study on the determinants of export performance, the study indicated that decision maker`s abilities had a positive and significant relationship with internationalization. Further, market features was found to be significant (Beta = 0.631, P= 0.013) this finding disagreed with Monteiro (2013) findings from her study showed that market had a positive influence on internationalization. Lastly, the results showed that regulatory support was insignificant (B= 0.749, P =0.110). These findings are supported by the study of Crozet, Milet, and Mirza (2012) who found out that domestic regulation affect foreign suppliers negatively because they are more sensitive than domestic firms to the same regulation.

5. Summary, Conclusions and Recommendations

5.1. Summary of Findings

The study`s first specific objective was to analyze how organization's attributes influence the internationalization of selected Kenyan pharmaceutical and medical equipment firms. The second specific objective was to assess how the decision maker`s abilities affect the internationalization of selected Kenyan pharmaceutical and medical equipment firms. The third specific objective was to find out how market features impact the internationalization of selected Kenyan pharmaceutical and medical equipment firms. The fourth specific objective of the study was to examine how regulatory support determines the internationalization of selected Kenyan pharmaceutical and medical equipment firms. After conducting the research and comprehensively analyzing the findings, it was possible to judiciously derive with certainty various conclusions and recommendations.

5.2.1. Organization Attributes Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

Indicators of organization attributes taken into consideration in this study included firm`s size, product appeal and firm`s age. Descriptive and inferential statistical methods were used to arrive at the findings where deductions and relationships were established. Organization attributes was seen to be a predictor of internationalization. Organization attributes was found to be statistically positive and significant (P = 0.009) in explaining internationalization of the selected Kenyan pharmaceutical and medical equipment firms this agreed with Reis and Forte (2016) study who found a positive and significant relationship with organization attributes and internationalization. They argue that organization attributes are important determinants of a firm's internationalization. Statements which sought influence of organization attributes variable were concluded to be statistically significant in explaining changes in internationalization of Kenyan pharmaceutical and medical equipment firms. Successful internationalization is dependent on the MNC characteristics, these characteristics or attributes enables the organization adapt adequate and effective international marketing strategies by developing relevant capabilities needed, it enables the organization acquire competitive advantage in foreign markets. Barney (2011) asserts that the firm`s internal resources give competitive advantage thus leading to successful internationalization. This implies that large and more experienced firms are able to come up with products that gives them competitive advantages in foreign market thus enabling them enter a large number of countries.

5.2.2. Decision Maker`S Abilities Impact on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

Indicators of decision maker's abilities taken into consideration in this study included: personnel characteristics, management perception of risk and international experience. Descriptive and inferential statistical methods were used to arrive at the findings where deductions and relationships were established. Decision maker's abilities were found to be statistically significant in explaining internationalization of the selected Kenyan pharmaceutical and medical equipment firms (P = 0.011). Therefore, statements which sought influence of decision maker`s abilities variable were negatively and statistically significant in explaining changes in internationalization of the selected Kenyan pharmaceutical and medical equipment firms. The study shows that decision maker's abilities have a negative and significant relationship with the number of countries entered in the COMESA region. This finding disagree with Jieke, Sousa and Xinming (2016) findings from their study on the determinants of export performance. The study indicated that decision maker`s abilities had a positive and significant relationship with internationalization. Table 11 showed that manager`s environmental risk assessment ability was critical in the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This shows that manager's perception of risk / risk attitude is critical to the internationalization of the selected Kenyan pharmaceutical and medical equipment firms. Risk adverse managers will more likely make the organization enter fewer countries as compared to risk takers managers. Acedo and Galán (2011) assert that the perception of risks and opportunities in internationalization influence the decision to internationalize and affects the engagement of the organization to its cross border activities. The decision to internationalize will be approved by management when they have a positive attitude regarding the opportunities and risks that international expansion will provide.

5.2.3. Market Features Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

Indicators of market features taken into consideration included market access, resource access and industry attractiveness. Descriptive and inferential statistical methods were used to arrive at the findings where deductions and relationships were established. Market features was found to be negatively and statistically significant in explaining internationalization of the selected Kenyan pharmaceutical and medical equipment firms. Statements which sought influence of market features variable were concluded to be negatively and statistically significant in explaining changes in internationalization of the selected Kenyan pharmaceutical and medical equipment firms (P = 0.013). These findings disagreed with Monteiro (2013) findings from her study showed that market had a positive influence on internationalization. Table 12 showed that cultural similarity between both countries was critical to the internationalization of the selected Kenyan pharmaceutical and medical equipment firms with the highest mean value (M = 4.5667). The negative relationship between market features and the number of countries entered is explained by the fact that, instead of entering many countries with similar cultures the organization can choose to just enter and focus a few countries thus reducing their diversification and adaptation risks. The more diverse countries are the fewer counties the organization will enter.

5.2.4. Regulatory Support Influence on the Internationalization of Selected Kenyan Pharmaceutical and Medical Equipment Firms

Indicators of regulatory support taken into consideration included home country support and host countries support. Descriptive and inferential statistical methods were used to arrive at the findings where deductions and relationships were established. Regulatory support was found to be statistically insignificant in explaining internationalization of selected Kenyan pharmaceutical and medical equipment firms (P = 0.110). Statements which sought influence of regulatory support variable were concluded to be statistically insignificant in explaining changes in internationalization of selected Kenyan pharmaceutical and medical equipment firms. These findings are supported by the study of Crozet, Milet, and Mirza (2012) who found out that domestic regulation affect foreign suppliers negatively because they are more sensitive than domestic firms to the same regulation. Table 13 showed that government regulations in home and host countries are critical the internationalization of the selected Kenyan pharmaceutical and medical equipment firms. Crozet, Milet, and Mirza (2012) I their study found out those domestic regulations affect foreign suppliers negatively because they are more sensitive than domestic firms to the same regulations. They believe that domestic regulations hinder even more international trade than existing discriminatory measures.

5.2 Conclusion

The study`s first objective was to analyze how organization's attributes influence the internationalization of selected Kenyan pharmaceutical and medical equipment firms. From the research findings presented above, organization attributes was found to have a positive and significant relationship with internationalization of selected Kenyan pharmaceutical and medical equipment firms. Results suggest that large and older firms have a better likelihood of internationalizing mainly because of their accumulated experience enables them to come up with products that give them highest performance in foreign markets. Larger and more experienced organizations are characterized by high productive and financial capacity which enables them to take advantage of economies of scale; these organizations tend to perceive lower levels of foreign market risks. These large organizations have inherent abilities to identify, explore attractive foreign opportunities and they are able to cope with foreign markets issues. The study`s second objective was to assess how the decision maker`s abilities affect the internationalization of selected Kenyan pharmaceutical and medical equipment firms. The study established a negative and significant association between decision maker`s abilities and the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This implies that manager`s risk attitude / perception is critical and greatly influence the internationalization of the selected Kenyan pharmaceutical and medical equipment firms. Management attitudes and perceptions of risk (on the advantages of internationalization and on the barriers to internationalization) are a prerequisite of international expansion Managerial perceptions guide decision making in an organization. Acedo and Galán (2011) assert that the perception of risks and opportunities in internationalization influence the decision to internationalize and affects the engagement of the organization to its cross border activities. The decision to internationalize will be approved by management when they have a positive attitude regarding the opportunities and risks that international expansion will provide. The decision-maker's perception of various foreign markets is motivated by the firm`s sales/profit goals. The study`s third objective was to find out how market features impact the internationalization of selected Kenyan pharmaceutical and medical equipment firms. Findings showed that there is a negative and significant relationship between market features and the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This implies that the selected Kenyan pharmaceutical and medical equipment firms entering will most likely enter or concentrate on fewer countries with similar cultures to reduce their risks (diversification, adaptation). Internationalization enables MNCs diversify their country risks; reduce their dependency on their domestic suppliers and customers, (Pukall & .Calabrò, 2014). But foreign markets are characterized by regulatory frameworks that have great standards that protect foreign market consumers; therefore, managers have to distribute resources to ensure that the organization`s product adaptation strategies meet foreign markets quality standards. According to Marano, Arregle, Hitt, Spadafora, & .Essen (2016), home and host countries institutions are regulatory/legal, economic , Institutional factors are linked to an organization economy's performance and regulatory environmental effects on internationalization (Gupta, Guo, Canever, Yim, Sraw and Liu, 2014). Institutions may execute or put into action policies encouraging organizations to grow or policies having constraints on these organizations. These regulations and policies might either reduce organization`s ability to internationalize or allow these organization to internationalize so as to escape limitations in their home country (Wang et al., 2012). The study last objective was to examine how regulatory support determines the internationalization of selected Kenyan pharmaceutical and medical equipment firms. The study established a negative and insignificant association between regulatory support and the internationalization of selected Kenyan pharmaceutical and medical equipment firms. This implies that domestic regulations greatly affect the internationalization of the selected Kenyan pharmaceutical and medical equipment firms.

5.3. Recommendations

The findings of the study provide enough reason for Kenyan pharmaceutical and medical equipment firms to concentrate their efforts on building their organization attributes, decision maker's abilities and taking advantage of foreign market features in achieving internationalization. From the study, organization attributes, was measured by number of employees, number of years in business operations, product appeal and was found to significantly affect the internationalization of selected pharmaceutical and medical equipment firms. From the study`s findings organizations should build up on their experience in order to be able to come up with products/ commodities that give them competitive advantage in foreign markets thus increasing sales and customer base. Decision maker`s abilities measured by management perception of risk, personnel characteristics and international experience influence internationalization of selected pharmaceutical and medical equipment firms. From the study`s findings decision makers in the organization should develop their abilities to be able to efficiently analyses potential threats and opportunities and enable the organization achieve success in foreign markets.Market features were seen as a statistically significant predictor of internationalization of the selected Kenyan pharmaceutical and medical equipment firms. From the study`s findings organizations should take the risk of venturing in foreign markets to increase their market share and increase their profit.Finally, regulatory support was seen as a statistically insignificant predictor of internationalization of the selected Kenyan pharmaceutical and medical equipment firms. From the study`s findings policy makers (host and home country regulators) should formulate and implement internationalization policies and programs to help increase export volumes.

6. Recommendation for Further Study

The high beta coefficient of constant in this study shows that there are other factors which were not included in the statistical model used which could be influencing the internationalization of selected Kenyan pharmaceutical and medical equipment firms. Further studies in the area of internationalization in developing countries like Kenya are therefore highly recommended. Due to time and resources constraints, the study only concentrated on selected Kenyan pharmaceutical and medical equipment firms. Regulatory support needs to be given the needed research attention; further studies could also be conducted to establish on the reason why it was not found to be significantly related with internationalization of selected Kenyan pharmaceutical and medical equipment firms,

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Appendix

Regression Analysis with Measures of the Dependent Variable

<u>The Number of Years the Company Has Been Exportng into the Comesa Region</u>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578[a]	.334	.304	1.29374

Table 20: Coefficient of Determination (R^2)
a. Predictors: (Constant), Organization Attributes, Market Features, Decision Makers Abilities, Regulatory Support

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.020	4	7.005	2.863	.032[b]
	Residual	134.580	55	2.447		
	Total	162. 600	59			

Table 21: ANOVA [a]
a. Dependent Variable: Number of Years the Firm, Has Been Exporting to Comesa Members Countries
b. Predictors: (Constant), Organization Attributes, Market Features, Decision Maker`S Abilities, Regulatory Support

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig
(Constant)	5.700	.202		28.225	.000
Organization Attributes	.664	.283	.400	2.351	.022
Decision Makers Abilities	-.590	.243	.355	2.430	.018
Market Features	.232	.215	.140	1.080	.285
Regulatory Support	-.478	.291	.288	1.639	.107

Table 22: Regression Analysis Results – Regression Coefficients
a. Dependent Variable: Number of Years the Firm, Has Been Exporting to Comesa Members Countrie