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WTR 2019;8:21-42

https://: doi.org/10.7165/wtr19a0624.20

OPEN ACCESS

Factors Influencing Global Expansion/Scalability of Small and Medium Enterprises: A Kenyan Case

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Abstract

The purpose of this research was to investigate the factors influencing global expansion/scalability of Kenyan Small and Medium Enterprises (SMEs). Factor analysis and multiple/multivariate regression analysis to determine the functional relationship between independent variables (factors) and the dependent variable was used. The independent variables were: innovation & technology, fitness/appropriateness of management, global marketing strategy; and support environment and the dependent variable, global expansion/scalability. Data was collected from a survey of randomly selected firms of 205, drawn from a population of 440 firms from Kenya Manufacturers Directory, with 175 firms responding. The key findings from the research in relation to Kenyan SMEs were that: there is a functional relationship between global market strategy and global expansion; there is a functional relationship between innovation and technology orientation and global expansion, there is no significant functional relationship between supportive environment of firms and their global expansion; and there is no significant functional relationship between fitness/appropriateness of management and global expansion/scalability. The implications for practice is that the ranking of the factors in order of priority supports focusing concern on the orientation of business strategy toward global market strategy, market research geared at obtaining foreign market intelligence, innovation and technology, product adaptation, service orientation, collaborative ventures, and long-range vision as key factors in making Kenyan firms successful in the international market. The implication for policy and practice is that there is need for collaboration between industry and government in pursuing policies for global expansion/scalability and among SMEs and large enterprises particularly in areas of rapid technological change.

Keywords

Global expansion/scalability of SMEs; Internationalization; Fitness/appropriateness of management; Innovation and technology; Supportive environment; Global market strategy; Foreign market intelligence.

1. INTRODUCTION AND BACKGROUND

The study focuses on the global expansion/scalability of firms. In this context, internationalization and global expansion/scalability is used interchangeably (Hitt et al., 1994; McDougall and Oviatt, 2000; Matanda, 2012). The globalisation of the business environment has made it crucial for small and medium enterprises to look for foreign market opportunities so as to gain and sustain competitive advantage (Aulakh et al., 2000; Kiran et al., 2013). It is argued that as more and more firms enter the international business environment, there is increased competition. International trade has been especially important to the increasing technological proficiency of some developing nations (OECD, 2010; Scherer, 1999; Katwalo, 2010; Mitanoski et al., 2013).

It is acknowledged that technological innovation and proficiency is critical in enabling SMEs in Kenya to expand/scale up globally. There is lack of an integrative policy framework to facilitate effective delivery and utilization of knowledge and

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World Technopolis Review
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the integration of Science, Technology and Innovation (ST&I) into the economy. Despite this challenge Kenya ranks third in Sub-Saharan Africa in the Global Innovation Index (GII) 2018 coming after South Africa and Mauritius, and number 78 globally and number 64 in innovation outputs. The main areas of strengths for Kenya include access to credit (especially microfinance loans), innovation linkages and exports of creative services, workforce efficiency and printing and other media. It will be necessary for Kenya to preserve this innovation momentum in order to be competitive in the globally (Government of Kenya, 2013a; Government of Kenya, 2013b; Cornell University et al., 2018).

It is argued that inadequate entrepreneurship skills mean that SMEs are not enabled to contribute adequately in the creation of science and technology-based enterprises within the Kenyan economy. Kenya intends to enhance the quality of outcomes in Research, Science, Technology and Innovation (RSTI) as well as strengthen governance and management of ST&I sector at institutional levels and further ensure financial sustainability of the sector. These policy initiatives will ensure an improved and efficient environment in which RST&I business is conducted for the achievement of the Vision 2030 and contribution to Sustainable Development Goals (SDGS) (Government of Kenya 2008; Government of Kenya, 2013a; Government of Kenya, 2013b).

MSMEs are a crucial force in contributing to the achievement of the SDGs; from the perspectives of poverty alleviation, zero hunger, reduced inequalities, gender equality, economic growth, decent job creation, industry, innovation and infrastructure, and sustainable cities and communities. In particular, job creation through MSMEs leads to economic growth and directly benefits the poor and vulnerable, particularly women and youth. It is argued that it reduces poverty, increases income, and positively impacts household investments in education and health, all of which bear tremendous potentials for fulfillment of multiple SDGs (ICSB MSMEs Report, 2018).

Micro, Small and Medium Enterprises (MSMEs) are estimated to account for 75 per cent of total employment in Kenya and contribute only 18 per cent of GDP. SMEs are seen as an important sector, as engines of growth, for generating industrialization, employment creation and poverty reduction in Kenya. In this regard, the government's objectives, as articulated in Kenya, Vision 2030 is to improve productivity and innovation and to enhance the investment climate, including access to finance. It is argued that the MSMEs contribution can

be maximized by mitigating growth constraints resulting mainly from adverse investment climate, poor infrastructure, credit constraints, insecurity and regulatory burden (Ayyagari et al., 2006; Kira, 2013; KIPPRA, 2013). Thus the thrust of this research was to investigate the factors that influence global expansion/scalability by Kenyan SMEs.

A conceptual model (framework) was developed and tested which prioritizes global expansion/scalability performance or success factors. The research findings illuminates on the mode of global expansion/scalability and the role cultural fluency plays in global expansion/scalabilty. It is also provides knowledge on how scarce resources would be properly targeted in ensuring international competitiveness of Kenyan firms and importance of technological innovation and collaboration in global expansion/scability.

The study sought to investigate factors influencing global expansion/scalability by Kenyan SMEs in order to contribute to theory and inform public policy and practice on the areas that require focus in stimulating global scalability of Kenyan SMEs.The study extends knowledge on international competitiveness by examining in an integrated manner and by testing the various variables (factors) influencing global expansion/scalability of SMEs.

The factors (variables) that were empirically tested in the study include fitness/appropriateness of management, global marketing strategy, innovation and technology and supportive environment. Thus the study findings will contribute to policy and practice on factors that will enable Kenyan firms to successfully internationalise and compete globally.

2. LITERATURE REVIEW

2.1 Theoretical Review

The theoretical review draws from the classical and neo-classical theories of entrepreneurship to illuminate on international entrepreneurship and internationalisation of firms (Scherer, 1999; Swedberg, 2002; Burt, 1995; 2000; Kirzner, 1997; Drucker, 1985; Bula, 2012; Dorin and Alexandru, 2014).

The Austrian economist, Schumpeter portrays an entrepreneur as the creative destroyer of equilibrium through innovation and discovery of opportunities by introducing new products or new processes (Scherer, 1999; Swedberg, 2002). In addition the sociologist Ronald Burt, throughout its network theory, argues that entrepreneurial opportunities can be

found in a person's network if this is structured in a certain way (Burt, 1995; 2000).

A further contribution to entrepreneurial theory is that of Kirzner who introduced the entrepreneur alert and a creation of economic shock and the response of the alert entrepreneur to the same (Kirzner, 1997); and other recent theorists include Drucker (1985) with argument of "creative imitation" which takes place when the imitators better understand how an innovation can be applied, used, or sold in their particular market niche (Bula, 2012; Dorin and Alexandru, 2014).

It is averred that through extra contacts with geographically distant suppliers, customers, and competitors, firms may obtain the latest technological information, find out changes in market demand, and adjust product compositions (Giuliani and Bell, 2005). It has been acknowledged that the small entrepreneurial firm has an important role to play in international business especially given that there are strong globalization pressures that both pull and push the small firm into international markets to ensure its very survival. It is argued that the concept of entrepreneurship forms the cornerstone on which all international business activity is based (Mtigwe, 2006).

2.1.1 Internationalisation Process – Stages Model

There are two main views of internationalisation that can be identified. Firstly, the Uppsala internationalisation model (Johansson and Vahlne, 1977; 2009; Johansson and Wiedersheim–Paul, 1975) and secondly, the innovation model (Cavusgil and Tamer, 1980). Both models are often referred to as the "stages model," because they propose that internationalization occurs in incremental steps. The underlying assumption of the Uppsala model is that as firms learn more about a specific market, they become more committed to it by investing more resources in the market.

According to the traditional view, firms make their export debut when they have a strong domestic market base. It is argued that the choice of markets also occurs in stages; firms begin to export to a market that has a close psychic distance, and then expand export sales into markets that have increasingly greater psychic distance. The plank of Johanson and Vahlne's (1977) argument is that as the firm gains more knowledge about a market, it will commit more resources to that market.

Matanda (2012) found that established manufacturing SMEs in Kenya pursued an incremental approach to internationalization, as most established operations in the domestic market

before moving to foreign markets. The study also revealed that the internationalization process was mostly driven by firm based-factors such as managerial orientation, maintaining business reputation, enhancing market share and revenue, technological advancement, and flexibility of operations. In addition, environmental-based factors such as similarity in foreign and domestic markets, instability, and saturation of domestic markets played a lesser role in the internationalization of SMEs.

2.1.2 Born-global view

Oviatt and McDougall (1994: p. 4) define a born global as "a business organisation that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries." In other words a true born-global firm is a new venture that acts to satisfy a global niche from day one (Tanev, 2012). On the other hand, Knight and Cavusgil (1996: p.11) define born globals as "small, technology-oriented companies that operate in international markets from the earliest days of their establishment."

It is argued that born-global view of internationalisation offers a more substantive contrast to the stages model. According to this view firms do not internationalise incrementally but enter international markets soon after the firm's inception. Such firms may not even have sales in their domestic market (Jolly et al., 1992; Knight and Cavusgil, 1996; Rennie, 1993; Chetty and Campbell-Hunt, 2003; Oviatt and McDougall, 1994; Weerawardena et al., 2007), thus contradicting the stages model, which posits that firms begin to export from a strong domestic market base. These firms manufacture high-technology products for a particular niche in international markets (Knight and Cavusgil, 1996). Consequently, the main focus of born globals is growth through international sales and these firms produce highly specialised goods for international niche markets (Knight and Cavusgil, 1996; Madsen and Servais, 1997; Rennie, 1993).

The key descriptors of born-global internationalisation is seen as having near-simultaneous and thus rapid engagement with multiple markets; as occurring early in the life of the firm, when the firm is still small and thus able to operate only in niche global markets or in emerging markets opening up to new technologies; and as requiring greater use of business networks to achieve global reach quickly (Chetty and Campbell-Hunt, 2003). In new and dynamic environments, born global firms adapt and innovate more quickly than older firms (Autio, Sapienza, & Almeida, 2000). In addition, factors influ-

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encing early internationalization of international start-ups include international vision of the founders, their desire to be international market leaders, the identification of specific international opportunities, and the possession of international contacts and sales leads (Johnson, 2004).

Born global firms emphasise the role of strategy in internationalisation, because both the focus and the pace of internationalisation are dictated by competitive imperatives to seize a leading position in niche or emerging markets. Indeed, competitive strategies of innovative technology and product design are intimately involved in the internationalisation of born global firms (Rennie, 1993). Both the traditional and born global views emphasise the role of networks of business relationships that internationalising firm creates. However, the difference is that for born globals, the networks must be adequately extensive to enable extensive global reach and created rapidly to support exposure to multiple markets.

It has been argued that international entrepreneurial orientation and market knowledge have a role in the conceptualization of the born global firm internationalization process (Oviatt and McDougall, 2005). Researchers also argue that born global are becoming more widespread due to new market conditions attributed to advances in technology in production, transportation, and communication; and more sophisticated capabilities of the founders and entrepreneurs who establish born-global firms (Madsen and Servais, 1997; Oviatt and McDougall 1997). They emphasise the role played by the increasingly global scope of cultural homogeneity, social change, and firm strategy. They argue that environmental conditions such as changing industry and market conditions and the internalisation of industry competition create the ideal context for born-global firm to surface; conditions relating to the firm's customers, who are international, and the intense competition from imports in the firm's domestic market compel the firms to conceive of their business in global terms from the outset (Oviatt and McDougall, 1995); and other developments such as the liberalisation of trade and advances in technology in areas of telecommunications, especially the Internet, provide firms with easy access to worldwide customers, distributors, network partners, and suppliers (McDougall and Oviatt, 2000).

A number of conditions for newly created technology firms considering early, rapid globalization include: the market in the home country is not large enough to support the scale at which the firm needs to operate; most of the firm's potential customers are foreign, multinational firms; and many of the

firm's potential customers have overseas operations where they will use the firm's products or services. Other conditions for rapid globalization are: the firm operates in a knowledge-intensive or hightechnology sector; having the most technically advanced offering in the world considered as key to the firm's competitive advantage; and the firm's product or service category faces few trade barriers. In addition, the firm's product or service has high value relative to its transportation and other logistics costs; customer needs and tastes are fairly standard across the firm's potential country-markets; the firm's product or service has significant firstmover advantages or network effects; the firm's major competitors have already internationalized or will internationalize soon; and the firm has key managers who are experienced in international business (Tanev, 2012).

2.1.3 Network-based theory of Internationalisation

It is contended that a rapidly growing number of modern firms are built around a brand, a design, or patented technology for which production and services are performed by a network of other firms (Johansson and Vahlne, 2009). It is acknowledged that SMEs seeking to internationalise experience difficulties in locating/obtaining adequate representatiom in target export markets, or finding an appropriate foreign market partner or gaining access to a suitable distribution channel in international markets. Benefits of assured orders in an unknown international market coupled with the availability of market information from other network partners can be a potential source of competitive advantage for the internationalized SME (Crick 2007; Lin and Chaney, 2007; Rundh 2007).

Senik et al. (2011) identified three interconnected sources of networking for SMEs' internationalization, which are government institutions, business associates, and personal relations.These networking linkages can initiate awareness, as well as trigger, accomplish, strengthen, and sustain SMEs internationalization.

2.2 Empirical review

Lessons learnt from the success of firms from newly industrialised countries of Singapore, South Koreas and Taiwan who moved from inward-oriented import substitution towards outward-oriented export-led growth underscore the need for Kenyan Small Medium Enterprises to look for foreign markets (Kotler et al., 1997). Access to the global markets will be crucial for growing SMEs in Kenya. Matanda (2012) found that

established Small manufacturers in Kenya pursued an incremental approach to internationalization, as most established operations in the domestic market before moving to foreign markets. The study also revealed that the internationalization process was mostly driven by firm based-factors such as managerial orientation, maintaining business reputation, enhancing market share and revenue, technological advancement, and flexibility of operations.

2.2.1 Fitness/Appropriateness of Management

Fitness/Appropriateness of management or global management expertise (management capabilities and perceptions) include type of education, degree of risk aversion, and the international orientation of managers which may be as a result of prior experiences in foreign living, foreign travel, and foreign language (Cavusgil and Naor 1987; Weerawardena et al., 2007). Managerial experience, on both generally and specific aspects of international activity or markets abroad can be important factors in internationalisation of SMEs.

It is observed that born global firms are often formed by people who have prior international experience and extensive international personal and business networks (Madsen and Servais, 1997; Weerawardena et al., 2007).

It is suggested that in addition to owner-manager prior experience being a factor in facilitating the speed of market entry, prior business experience leads to greater absorptive capacity in the firm which in turn facilitates the acquisition of more knowledge required for speedier international market entry (Cohen and Levinthal, 1990; Oviatt and McDougall, 2005; Autio et al., 2000; Harveston et al., 2000; Madsen and Servais, 1997; Moen and Servais, 2002; McDougall et al., 2003; Sharma and Blomstermo, 2003).

2.2.2 Global Market Strategy

In a study carried out in Malasya (Afsharghasemi et. al., 2013) it was found that market orientation and competitive advantage relate positively to the level of internationalization of manufacturing SMEs. Chelliah et al. (2010) argue that there is interconnectedness of competitive advantage and internationalization of SMEs.

Market orientation is shown by the extent to which a firm involves in responsiveness, dissemination or sharing information, gathering market intelligence applicable to current and future customer requirements and wants, rival strategies and measures taken, and broad business environment and consideration of all company stakeholders (Morgan et al., 2009;

Wang et al., 2012).

It is important that steps are taken to link SMEs to global value chains (GVCs) as they present opportunities for SME global expansion/scalability. The participation in GVCs allow firms to specialise in specific activities within production networks, rather than compete along the entire line of activities, and can spur complementary investments in technology, process innovation or organisational change (Lileeva and Trefler, 2010; Caliendo and Rossi-Hansberg, 2012; OECD, 2018). In addition, participation in GVC chains by SMEs may increase productivity, for example through increased foreign competition and access to new varieties of inputs and knowledge spillovers from foreign frontier firms (Amiti and Konings, 2007; Saia et al., 2015; OECD, 2018). No matter at what stage of development a country is sustained improvement in export performance depends on technology and innovation.

2.2.3 Innovation and technology

It is imperative that developing countries construct a coherent technology policy cum a national development strategy that will generate permanent increases in gross fixed capital formation, and thus in productivity and international competitiveness (Ozcelik and Taymaz, 2004).

In most cases little emphasis is given to the role of innovation and technology in ensuring competitiveness of Kenyan firms. Innovation and technology and the promotion of it in Kenyan firms had in the past received scant mention in policy statements of the Kenyan government. Public research is biased towards agriculture and away from industrial research (Lall and Pietrobelli, 2002). It is clear that if Kenyan firms have to participate in this globalised and networked world they need to quickly adopt web-enabled technology and become networked enterprises. Technology and innovation approach offers a more holistic strategy to competitiveness in the developing countries than previous approaches (Wignaraja, 2002).

In the case of Kenya, the Science, Technology and Innovation (STI) policy framework as spelt out in the STI policy and strategy 2008 (Government of Kenya, 2008), the STI Act 2013 (Government of Kenya, 2013a) and the Vision 2030 (Government of Kenya, 2007) emphasizes the need for a functional innovation system in which universities and public research institutes play a leading role in knowledge and technology generation through research and development.

In the context of 4th Industrial Revolution (Industry 4.0), it will be important the Small and Medium Enterprises continue to be linked to the global value chains. This however, will require a collaborative ef-
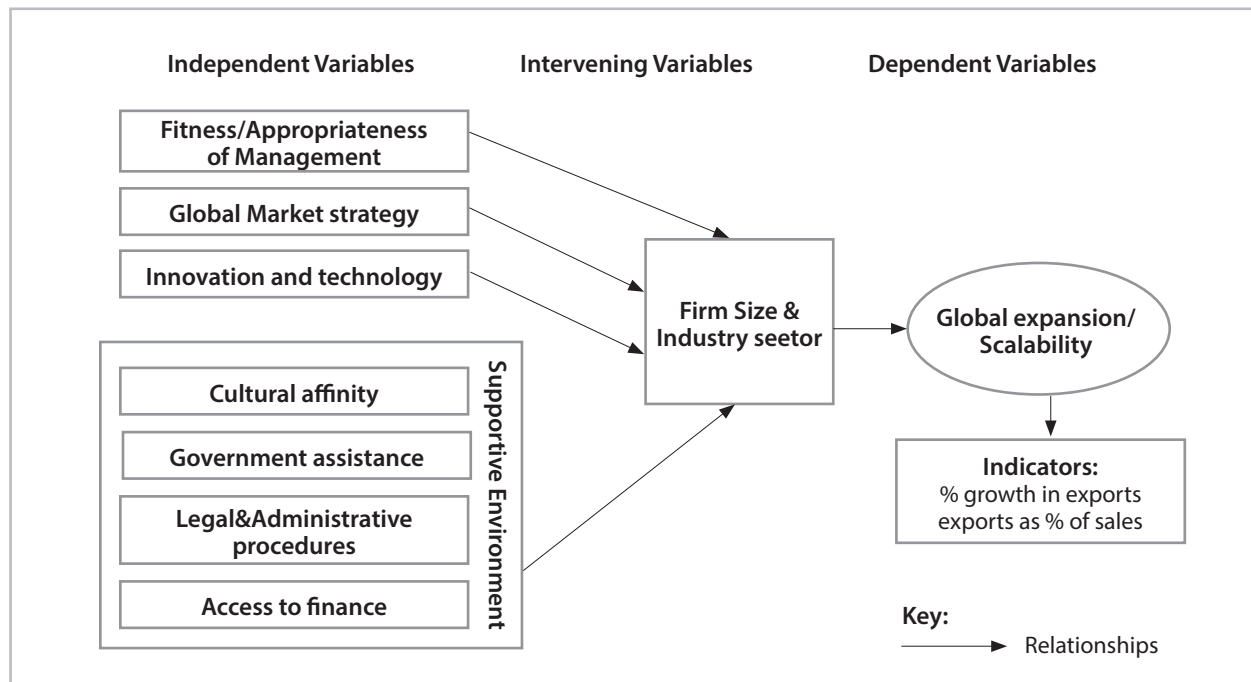
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Fig. 1. Summarized conceptual framework

Source: author

fort between industry, academia, government and civil society in developing critical infrastructure, fostering collaboration in production and innovation and the implementation of digital strategies and programs in order to remain connected in the global value chain (Westphal, 2002; Deloitte, 2016; UNIDO, 2017).

2.2.4 Supportive Environment

It is argued that governments that desire to promote the outward internationalisation (global expansion) of SMEs should undertake a number of steps (Svetlicic et al., 2007). Provide information on conditions for doing business abroad on a regular basis, offering online platforms for small businesses in foreign countries and institution; Simplify accounting systems and create financial and fiscal frameworks that alleviate the difficulties faced by SMEs and encourage innovative activities; Improve cooperation between business and research and educational institutions to stimulate spillovers and a more adaptive education system; Introduce educational methods and programs that enhance innovation and entrepreneurship and develop holistic internationalization training programs; Initiate R&D support instruments, such as tax rebates, research grants, and the provision of infrastructure; Promote technology transfer by launching networks between large companies, SMEs, and research organizations; Facilitate an adop-

tion of e-commerce and e-government; and Provide assistance, training, and consultancy services to managers and small business owners. Small and Medium Enterprises (SMEs) have not taken advantage of the Export Strategy plans due to lack of publicity of the programmes and inadequate funding (Government of Kenya, 2003-2007).

It is acknowledged that increased access to finance for SMEs can improve economic conditions in developing countries by fostering innovation, macro-economic resilience, and GDP growth (Bouri et al., 2011).

2.3 Conceptual framework

The primary research study objective was to undertake an analytical research to empirically test the conceptual (hypothetical) model, factors that influence global expansion of Kenyan firms using inferential statistics (multiple regression). The research investigated, analysed and tested the independent variables (classified under success factors for global expansion) on how they are related to the dependent variable, depicting the performance of the firms, as measured by export performance (percentage of exports to sales and percentage growth in exports).

2.3.1 Independent Variables

The conceptual model was developed by taking into consideration the factors (independent variables) that influence the decision to undertake export activities as categorized between internal influences and external influences. The first internal factor (independent variable) is fitness/appropriateness of management. The second internal factor (independent variable) is innovation and technology which include technological superiority that the product or firm brings to the marketplace The fourth factor (independent variable) is the firms' global market strategy, which include foreign market information and intelligence, product modification in order to sell it successfully overseas, pursuing the modification strategies that include extension of credit, promotion directed at distributors, end-users, and logistics and channels of distributions, and pricing; (Cavusgil and Tamer, 1980; Cavusgil and Naor, 1987; Weaver et al., 1998; Hall, 2003). The external influences considered relate to variables over which the firm has little or no control.

2.3.2 Dependent Variable

It can be appreciated that researchers have used either propensity to export or export performance as dependent measure in their studies (Cavusgil and Naor, 1987; Cavusgil and Tamer, 1980). Moini (1995) used exports as percentage of total sales and export growth to examine export performance. In addition, Pauluzzo and Mason (2011) used export sales/total turnover and international market share as measure for International Performance (IP). The researcher used percentage growth in exports and exports as percentage of sales to examine export performance which as proxy measure for the global expansion performance. The Conceptual Model is summarised in Figure 1.

3. METHODS

The general objective of the study was to investigate the factors that influence global expansion/scalability by Kenyan SMEs. There were four specific research objectives that guided the study: Firstly, to establish the extent to which fitness of management influence global expansion/scalability by Kenyan SMEs; Secondly, to ascertain the extent to which global market strategy influences global expansion/scalability by Kenyan SMEs; Thirdly, to determine the extent to which innovation and technology influences global expansion/scalability by Kenyan SMEs; and Lastly, to establish the extent to which sup-

portive environment influences global expansion/scalability by Kenyan SMEs.

To test the hypothetical model for factors influencing global expansion/scalability (Figure 1), four operational hypotheses were considered:

Hypothesis 1 (Ho1) - There is no functional relationship between firms' fitness/appropriateness of management and global expansion/scalability by Kenyan SMEs;

Hypothesis 2 (Ho2) - There is no functional relationship between firms' intensity in innovation and technology and global expansion/scalability by Kenyan SMEs; and

Hypothesis 3 (Ho3) - There is no functional relationship between presence of firm's global marketing strategy and their global expansion/scalability by Kenyan SMEs;

Hypothesis 4 (Ho4) - There is no functional relationship between supportive environment and global expansion/scalability by Kenyan SMEs.

3.1 Research design

The research design for the study can be described as descriptive and inferential. The variables were isolated and the predictor (independent) variables and dependent variables identified (Easterby-Smith et al., 2008). In this regard, the research in question, the testing of the hypothetical model (Figure 1) formed the gist of this research.

3.2 Data Collection

The target population was 440 firms who are members of Kenya Association of Manufacturers (KAM) based in Nairobi. A stratified random sample of 205 was selected and I75 175 firms responded (85% response). In conducting this research primary data was sourced by using the survey method. The survey items were based on prior research on internationalization and globalization of firms and factors affecting their competitiveness.

3.3 Data Analysis

The researcher subjected the data to computer analysis using the Statistical Package for the Social Sciences (SPSS PC+) version 20.0 for windows software programme.

A Pearson correlation matrix provides information on the direction, strength, and significance of the bivariate relationships of all variables in the study. Multivariate tests and analysis of variance, using Multiple Regression Analysis, were applied to test whether the variables, specified in the hypothesis, are significantly related.

Table 1. Number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	micro-< 10	19	10.9	11.0	11.0
	small 10-50	41	23.4	23.8	34.9
	Medium 51-250	79	45.1	45.9	80.8
	large > 250	33	18.9	19.2	100.0
	Total	172	98.3	100.0	
Missing	System	3	1.7		
Total		175	100.0		

Table 2. Mode of Entry to Export Market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1. unsolicited order	11	6.3	9.7	9.7
	2. journal leads	1	.6	.9	10.6
	3. supplied by local customer expanding globally	13	7.4	11.5	22.1
	4. planned export strategy	26	14.9	23.0	45.1
	5. trade fair participation	9	5.1	8.0	53.1
	6. internet	9	5.1	8.0	61.1
	7. agent / distributor	10	5.7	8.8	69.9
	8. Franchising/licensing	1	.6	.9	70.8
	9. other	2	1.1	1.8	72.6
	Combination of modes	31	17.8	27.4	100
	Total	113	64.6	100.0	
Missing	System	62	35.4		
Total		175	100.0		

4. RESULTS

The following aspects are examined: company background information; the frequency distribution of the variables; descriptive statistics such as mean and standard deviation; factor analysis; Pearson correlation matrix; multiple regression analysis and, the results of hypotheses testing. Four independent variables were extracted namely; Fitness of management, Global market strategy, Innovation and technology, Supportive environment incorporating government assistance, legal & administration procedures, cultural affinity, and access to finance and Global Expansion as dependent variable which were measured by percentage growth of export.

4.1 Respondents

Table 1 represents the classification of the respondents firms based on number of employees. Table 1 shows the sistribution of the respondents as 11 percent Micro Enterprises, Small Enterprises, 23.8 percent, Medium Enterprises comprised 45.9 percent and large enterprises as 19.2 percent.

Table 3. Sources of foreign trade information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1. journals	9	5.1	7.1	7.1
	2. trade fairs	32	18.3	25.2	32.3
	3. internet	34	19.4	26.8	59.1
	4. other	3	1.7	2.4	61.4
	1,2,3	22	12.6	17.3	78.7
	1,3	6	3.4	4.7	83.5
	2,3	13	7.4	10.2	93.7
	1,2	8	4.6	6.3	100.0
	Total	127	72.6	100.0	
Missing	System	48	27.4		
Total		175	100.0		

Table 4. Summary of Rankings

Independent Variables		Means	SD	Rank
Variable 1	Fitness of management	5.6	1.5	2
Variable 2	Innovation & technology	6.3	1.7	1
Variable 3	Global market strategy	4.7	1.7	3
Variable 4	Supportive environment	4.4	1.8	4

4.2 Global Expansion Modes

The results of analysis of the survey data, presented here provide information on the global expansion. Table 2 shows the global expansion mode for the respondent firms.

Firms pursued various mode of entry to export markets. 9.7 percent of the respondent firms indicated that they entered the export market through unsolicited order. 11.5 percent of the respondents entered the export market by supplying to local customer expanding globally. 23 percent of the firms entered the export market through planned export strategy. 8 percent of the respondent firms used either trade fair participation, internet, while 8.8 percent indicated they used agent/distributor as a mode of export entry. These modes of export entry accounted for 70 percent of the mode of export entry while 30 percent of the respondents firms used a combination of the modes. Table 3 indicates the sources of foreign trade information.

59 percent of the respondent firms indicated that the sources of foreign trade information as composing of journals at 7.1 percent, trade fairs at 25.2 percent and internet at 26.8 percent. The rest of the respondent firms (41 percent) used a combination of information sources for their foreign trade information.

4.3 Relative Importance of Factors

It was found that innovation and technology followed by fitness of management, global market strategy and supportive environment in that order are important factors in global expansion of firms. Table 4 presents a summary of rankings as per conceptual framework (Figure 1).

4.4 The Factor Analysis

It is argued that the general purpose of factor analysis is to summarise the information contained in a large number of variables into smaller number of factors. The 59 component variables were been analysed to collapse the variables into a smaller number of dimensions

Table 5. Summarised Correlations

		Global Expansion	Fitness of management	Innovation and Technology	Global Market Strategy	Supportive Environment
Global Expansion/ Scalability	Pearson Correlation	1	.170	.227*	.255**	.121
	Sig. (2-tailed)		.059	.011	.004	.177
	N	127	124	125	127	126
Fitness/Appropriateness of management	Pearson Correlation	.170	1	.374**	.264**	.366**
	Sig. (2-tailed)	.059		.000	.001	.000
	N	124	166	166	163	166
Innovation and Technology	Pearson Correlation	.227*	.374**	1	.353**	.346**
	Sig. (2-tailed)	.011	.000		.000	.000
	N	125	166	170	166	170
Global Market Strategy	Pearson Correlation	.255**	.264**	.353**	1	.545**
	Sig. (2-tailed)	.004	.001	.000		.000
	N	127	163	166	168	167
Supportive Environment	Pearson Correlation	.121	.366**	.346**	.545**	1
	Sig. (2-tailed)	.177	.000	.000	.000	
	N	126	166	170	167	172

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

(9 factors – 9 abstract/manifest variables) which form the four main independent variables in the conceptual framework (Figure 1).

All factors loads satisfactorily onto the latent variables or constructs (factors). There were acceptable levels of variable communality and multi-collinearity, with Cronbach's alpha values ranging from 0.710 to 0.877. The total variance explained by 4 factors (variables) ranges from 56.102 and 72.039 percent except. A cut-off of 50 per cent is considered adequate indicating the suitability of factor analysis in performing grouping of success factors for global expansion questions or variables (Belassi et al., 2007).

4.4.1 Reliability Analysis – Scale (Alpha)

Reliability Coefficients The reliability analysis for the independent variables show Cronbach alpha of 0.828 for fitness of management variable, Cronbach alpha of 0.801 for global market strategy variable, Cronbach alpha of 0.917 for innovation and technology and Crobach alpha of 0.860 for supportive variable.

4.5 Correlations

It is important to note that a factor model can only be appropriate if variables are to some extent related to each other. If correlations between variables are lower than 0.30, it unlikely that they share some common factors. The appropriate correlations are indicated in tables for component variables 1-9. The following should be noted: correlation coefficients vary between -1 and +1, which indicate negative and positive correlations respectively, and mid point zero, indicates no relationship whatsoever; correlation coefficients of between 0.255 and 0.332 are significant at the 0.05 level (2-tailed); and, correlation coefficients of 0.333 and above are significant at the 0.01 level (2-tailed).

This research study considered the case where we have several independent variables and one dependent variable and in particular the researcher will study factors affecting the dependent variable. In other words, the correlation scores show how well the independent variables are able to predict the dependent variable (Punch, 2005). In addition, correlations estimate the extent to which the changes in one variable are associated with changes

Table 6. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.924[a]	.854	.625	.970	2.097

a. Predictors: (Constant), Legal and Administrative Procedures, Government Assistance, Innovation and Technology, Marketing strategy, Cultural Affinity, Access to Finance, Fitness of management, Foreign Market Intelligence, Logistics and Distribution
b. Dependent Variable: Global Expansion

Table 6 (a). ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	51.724	9	5.747	2.628	.010[b]
	Residual	199.020	91	2.187		
	Total	250.744	100			

a. Dependent Variable: Global Expansion
b. Predictors: (Constant), Legal and Administrative Procedures, Government Assistance, Innovation and Technology, Marketing strategy, Cultural Affinity, Access to Finance, Fitness of management, Foreign Market Intelligence, Logistics and Distribution

in the other variable. Thus, a positive correlation reflects a direct relationship – one in which an increase in one variable corresponds to an increase in the other variable.

The summarised correlations and their significance levels are presented in Table 5.

Table 4 shows that there is a relationship between Innovation and technology and Global Expansion {Correlation, r = 0.227, significant at 0.05 level (2-tailed)}. There is also a relationship between Global Market Strategy and Global Expansion {Correlation, r = 0.255, significant at 0.01 level (2-tailed)}.

Other significant relationships include; a relationship between Fitness/appropriateness of Management and Innovation and Technology {Correlation, r = .374 significant at 0.01 level (2-tailed)}; a relationship between Fitness/Appropriateness of Management and Global Market Strategy {Correlation, r = 0.264 significant at 0.01 level (2-tailed)}; and a relationship between Fitness/Appropriateness of Management and Supportive Environment {Correlation, r = 0.266 significant at 0.01 level (2-tailed)}.

In addition, there is a relationship between Innovation and Technology and Global Market Strategy {Correlation, r = 0.353 significant at 0.01 level (2-tailed)}; a relationship between Innovation and Technology and Supportive Environment {Correlation, r = 0.346 significant at 0.01 level (2-tailed)}. Further, there is a relationship between Global Market Strategy and Supportive Environment {Correlation, r = 0.545 significant at 0.01 level (2-tailed)}.

4.6 Multiple Regression Analyis

To establish the relationships between variables multiple regression analysis was used. The multiple regression analysis provides a means of objectively assessing the degree and character of the relationship between the independent variables and the dependent variable: the regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variable (Sekaran and Bougie, 2013).

The Multiple Regression Analysis results are detailed below. In the Model Summary table, the R-square is the explained variation. The coefficients (Beta) help us to see which among the variables influences most the dependent variable.

An F-test is used to test statistical significance by comparing the variation explained by the regression equation to residual error variation. In practice, the value of the Durbin-Watson statistic (d) can range from 0 to 4. Values beyond 2 indicate negative auto correlation. Negative autocorrelation seldom exists in practice (Lind et al., 2010).

4.6.1 Multiple Regression Summary

The summaries of the regression of the variables are shown in Table 6. In the study, there is a good model fit, as shown in Tables 6 adjusted R-square of 0.625. This means that the model explains 62.5 percent the variance in the dependent variable, global expansion of Kenyan firms. Thus, the independent variables are good predictors of the dependent variable,

Table 6 (b). Rgression Coefficients[a]

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.676	.950		1.763	.081
Fitness/Appropriateness of Management	.000	.027	-.001	-.013	.990
Marketing strategy	.092	.024	.430	3.801	.000
Foreign Market Intelligence	-.046	.033	-.166	-1.383	.170
Logistics and Distribution	-.053	.029	-.217	-1.799	.075
Innovation and Technology	.022	.010	.240	2.121	.037
Cultural Affinity	-.026	.028	-.095	-.914	.363
Government Assistance	.001	.014	.006	.052	.958
Access to Finance	-.001	.046	-.002	-.015	.988
Legal and Administrative Procedures	.023	.023	.121	.996	.322

a. Dependent Variable: Global Expansion/Scalability

Table 6 (c). Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1. Fitness/Appropriateness of Management	.170[a]	.029	.021	1.567	1.872
2. Innovation & Technology	.234[a]	.055	.047	1.546	1.863
3. Global Market Strategy	.397[a]	.158	.132	1.475	2.026
4. Supportive Environment	.109[a]	.012	-.014	1.594	1.863

a. Predictors: (Constant), Fitness/appropriateness of Management, Innovation and Technology, Global Market Strategy and Supportive Enviroment
b. Dependent Variable: Global Expansion/Scalability

global expansion.

The Durbin-Watson test statistic of 2.097 indicates no significant autocorrelation (Neter et al., 1996). Table 6(a) summarises the significance of the regression model.

The significance of the regression model is tested with an F-statistic. This statistic is derived from a variance summary table that has the same format as the table used in analysis of variance (ANOVA) (Roberts et al., 2012). The summarised result is shown in Table 6(a). The hypotheses are:

H0: The regression model does not explain a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs

Ha: The regression model explains a significant proportion of the variation in the global expansion/scability of Kenyan SMEs

Table 6(a) indicates the F-test results for the regression model. The regression F-test results (F=2.628) is significant at $p<0.01$. Therefore the null hypothesis is rejected. Thus, there is support that the regression model explains the dependent variable, Global Expansion of Kenyan firms. Table 6(b) shows the regression coefficient for the variables.

The population regression coefficient (β) is 1.676 and is not significant. That is, it is not significantly different from zero and it implies that not all independent variables are playing a useful role in the regression model. However the unstandardised (β) for the marketing strategy is significant at $p<0.01$. In addition, the unstandardised (β) for Innovation and technology is significant at $p<0.01$. Thus these two variables have a significant contribution to global exapansion.

The nine component variables were grouped to form four

Table 6 (d). ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1.Fitness/Appropriateness of Management	Regression	8.928	1	8.928	3.637	.059[b]
	Residual	299.487	122	2.455		
	Total	308.415	123			
2. Innovation & technology	Regression	17.138	1	17.138	7.172	.008[b]
	Residual	296.291	124	2.389		
	Total	313.430	125			
3. Global market strategy	Regression	39.600	3	13.200	6.064	.001[b]
	Residual	211.143	97	2.177		
	Total	250.744	100			
4. Supportive Environment	Regression	3.538	3	1.179	.464	.708[b]
	Residual	294.847	116	2.542		
	Total	298.385	119			

a. Dependent Variable: Global Expansion/Scalability
b. Predictors: (Constant), Fitness/Appropriateness of Management, Innovation & Technology, Global Market Strategy and Supportive Environment

main variables. The regression analysis for the variables is shown in Tables 6(c), 6(d) and 6(e).

4.6.2 Coefficient of determination

The Coefficient of determination (R^2) for Fitness/Appropriateness of Management, Innovation and Technology, Global Market Strategy and supportive Environment is shown in Table 6(c). Table 6(d) shows the significance of the regression model (ANOVA).

The significance of the regression model is tested with an F-statistic (Roberts et al., 2012). Firstly, the Hypotheses for Fitness/Appropriateness of Management tested are:

Ho: The regression model does not explain a significant proportion of the variation in the global expansion/scability of Kenyan SMEs

Ha: The regression model explains a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs. The F value is 3.637 and is not significant at $p<0.05$. Thus null hypothesis is accepted.

Secondly, the Hypotheses for Innovation and Technology are:

Ho: The regression model does not explain a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs

Ha: The regression model explains a significant proportion of

the variation in the global expansion/scalability of Kenyan SMEs. The F value is 7.172 and is significant at $p<0.01$. Thus null hypothesis is rejected and the alternative hypothesis accepted.

Thirdly, the Hypotheses for Global Market Strategy are:

Ho: The regression model does not explain a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs

Ha: The regression model explains a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs.

The F value is 6.064 and is significant at $p<0.01$. Thus null hypothesis is rejected and the alternative hypothesis accepted.

Lastly, the Hypotheses for Supportive Environment are:

Ho: The regression model does not explain a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs.

Ha: The regression model explains a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs. The F value is 0.464 and is not significant.

Thus null hypothesis is accepted and the alternative hypothesis rejected. Table 6(e) shows the regression coefficient variables.

Table 6 (e). Regression Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.939	.703		2.758	.007
	Fitness/Appropriateness of Management	.041	.021	.170	1.907	.059
2	(Constant)	1.816	.554		3.279	.001
	Innovation & technology	.019	.007	.234	2.678	.008
3. Global Market Strategy	(Constant)	2.129	.679		3.137	.002
	Marketing Strategy	.094	.023	.439	4.133	.000
	Foreign Market Intelligence	-.020	.029	-.072	-.701	.485
	Logistics & distribution	-.027	.024	-.110	-1.136	.259
4. Supportive Environment	(Constant)	2.547	.649		3.926	.000
	Government Assistance	.003	.012	.026	.242	.809
	Access to Finance	.025	.045	.059	.553	.581
	Legal & Administrative Procedures	.013	.018	.068	.722	.472

a. Dependent Variable: Global Expansion/Scalability

The population regression coefficient (β) is 1.939 and is significant at $p<0.05$. That is, it is significantly different from zero. It implies that the independent variable, Fitness/Appropriateness of Management is playing a useful role in the regression model. However, the standardized Coefficient (β) for Fitness/Appropriateness of Management is not significant at $p<0.05$.

The population regression coefficient (β) is 1.816 and is significant at $p<0.01$. That is, it is significantly different from zero. It implies that the independent variable, Innovation and Technology is playing a useful role in the regression model. The standardized Coefficient (β) for Innovation and Technology is significant at $p<0.01$.

The population regression coefficient (β) is 2.129 and is significant at $p<0.01$. That is, it is significantly different from zero. It implies that the independent variable, Global Market Strategy is playing a useful role in the regression model. The standardized Coefficient (β) for Marketing Strategy is significant at $p<0.01$.

The population regression coefficient (β) is 2.547 and is significant at $p<0.01$. That is, it is significantly different from zero. It implies that the independent variable, Supportive Environment is playing a useful role in the regression model. However, the standardized Coefficient (β) for Supportive Environment is not significant at $p<0.05$.

5. DISCUSSION

The purpose of the study was to investigate the success factors for global expansion/scalability and the potential of Kenyan SMEs in competing globally. The research study integrated various theoretical perspectives and proposed a research model (Figure 1) which was used as a basis for empirically testing the success factors in global expansion/scalabilty of Kenyan SMEs.

5.1 The hypotheses

The overall Research Hypothesis tested states as follows: "The more effectively one addresses factors that influence Kenyan SMEs' global expansion the higher their success in global expansion/scalability."

The following are the operational hypotheses that contributed to the realization of the research hypothesis:

Hypothesis 1 (H_{o1})

There is no functional relationship between firms' fitness/appropriateness of management and global expansion/scalabilty. The null hypothesis was accepted and the alternative hypothesis rejected.

Hypothesis 2 (Ho2)

There is no functional relationship between firms' intensity in innovation and technology and global expansion/scalabilty. The null hypothesis was rejected and alternative accepted.

Hypothesis 3 (Ho3)

There is no functional relationship between presence of firm's global marketing strategy and their global expansion/scalability performance. The null hypothesis was rejected and the alternative accepted.

Hypothesis 4 (Ho4)

There is no functional relationship between supportive environment for Kenyan SMEs and their global expansion/scalability. The null hypothesis was accepted and the alternative hypothesis rejected.

5.2 Fitness/Appropriateness of Management

The researcher was interested in answering the questions: what are the factors for global expansion/scalability for Kenyan SMEs? In terms of overall of importance, fitness/apprpriateness of management as a success factor in global expansion/scalabilty, was ranked as number two (see Table 3).

Table 3 shows that: There was relationship between Fitness/Appropriateness of Management and Innovation and Technology (r= 0.374, significant at the 0.01 level (2-tailed); A relationship between Fitness/Appropriateness of Management and Global Market Strategy (r= 0.264, significant at the 0.01 level (2-tailed); and a Fitness/Appropriateness of Management and Supportive Environment (r= 0.366, significant at the 0.01 level (2-tailed). It was further found that there is no significant relationship between Fitness/Appropriateness of Management and Global Expansion/Scalability.

In the regression analysis Table 5 the independent variable explains 2.1 per cent of the variance of the dependent variable, adjusted R^2 = 0.021). The population regression coefficient (β) is 1.049 and is significant, at p<0.05). The null **Hypothesis 1 (Ho1)**: There is no functional relationship between firms'fitness/Appropriateness of management and global expansion/scalability is accepted and alternative rejected. Nevertheless, from the foregoing discussion, it can be argued that there is an indirect relationship between Fitness/Appropriateness of Management and Global Expansion/Scalability of SMEs.

Weaver et al. (1998) considers the factors that influence a decision to undertake export activities as related to management capabilities and perceptions (fitness/appropriateness of management). Managerial experience, on both general and specific aspects of international activity or markets abroad can be an important factor in in-

ternationalisation of SMEs. Any endeavours that reduce the cultural distances tend to reduce impediments to international activity by SMEs (Hall, 2003).

5.3 Innovation and Technology Orientation

Innovation and technology aspects considered included; whether the company used new technologies, new-to-the market products or break-through products, new and improved processes, incremental innovation for staying ahead of the competition, product replacement to meet foreign customer needs, acquisition of new technology, and extensive use of existing technology platforms for efficiency in production and information processing.

Tables 5 shows that: There is a positive relationship between Innovation and Technology and Global Expansion/Scalability (r= 0.227, significant at the 0.05 level (2-tailed); There is a positive relationship between Innovation and Technology and Global Market Strategy (r= 0.374, significant at the 0.01 level (2-tailed); There is a positive relationship between Innovation and Technology and Suppportive Environment (r= 0.346, significant at the 0.01 level (2-tailed).

In terms of overall importance, innovation and technology as a success factor in global expansion/scalability was ranked as number one (see Table 3 Summary of Rankings). In Regression analysis Table 6 (c) the independent variable, Innovation and Technology, explains 4.7 per cent of the change of the dependent variable, adjusted R^2 = 0.047. The ANOVA {Table 6 (d)} result show the F value is 7.172 and is significant at p<0.01. Therefore, the null hypothesis: **Hypothesis 2 (Ho2)**: There is no functional relationship between firms' intensity in innovation and technology and global expansion/scalability is rejected and the alternative hypothesis accepted.

The research study findings support the argument that collaboration in innovation and technology is an important factor for global expansion/scalability and competitiveness. Joint R&D within well-organised networks enhances the innovation activities of cooperating partners, which increases the probability of realising new products (Becker and Dietz, 2004; Koschatzky et al., 2001; Plunket et al., 2001; OECD, 2010).

5.4 Global Market Strategy

The component variables considered under the global market strategy include; marketing strategy, foreign market intelligence and logistics and distribution. To test the relationship between Global Market Strategy and the dependent variable Global Expansion/Scalability, correlation and regression analysis of the the component variables was done.

Tables 5 shows that: There is a positive relationship between

Global Market strategy and Global Expansion/Scalability (r= 0.255, significant at the 0.01 level (2-tailed); There is a positive relationship between Global Market Strategy and Fitness/Appropriateness of Management (r= 0.264, significant at the 0.01 level (2-tailed); There is positive relationship between Global Market Strategy and Innovation and Technology(r= 0.353, significant at the 0.01 level (2-tailed); and There is positive relationship between Global Market strategy and Supportive Environment (r= 0.545, significant at the 0.01 level (2-tailed).

In the regression analysis, the independent variable, Global Market Strategy, explains 13.2 per cent of the change of the dependent variable, adjusted R^2 = 0.132.

The ANOVA {Table 6 (d)} result show the F value is 6.064 and is significant at p<0.01. Therefore the null hypothesis is rejected and the alternative hypothesis Ha: Global Market Strategy regression model explains a significant proportion of the variation in the global expansion/scalability of Kenyan SMEs accepted.

The population regression coefficient (β) is 2.129 and is significant at p<0.01. It implies that the independent variable, Global Market Strategy is playing a useful role in the regression model. The standardized Coefficient (β) for Marketing Strategy is significant at p<0.01.

Thus null the hypothesis: **Hypothesis 3 (Ho3)**: "There is no functional relationship between presence of firm's global marketing strategy and their global expansion/scalability" is rejected and the alternative hypothesis accepted.

The research findings are in line with the argument by other researchers that factors that influence the decision to undertake export activities include the firms' strategy regarding its marketing mix (Weaver et al., 1998). In addition it is argued that when a firm is aware of its product superiority, it is more likely to export the product, and also the technological intensity of the industry has a significant relationship to the proportion of output that is exported (Cavusgil and Naor 1987; Cavusgil and Tamer, 1980).

The findings support of those of various researchers (Afsharghasemi et al., 2013; Armario et al., 2008) found that market orientation and competitive advantage relate positively to the level of internationalization of SMEs.

The research findings further support the idea that to achieve accelerated international and possibly superior subsequent market performance there is need to build and nurture distinctive capabilities of market-focused learning, internally focused learning and networking capabilities. This will enable the small, innovative, international new venture to develop leading-edge

knowledge intensive products. It will also enable them to develop superior marketing capability, facilitating an ability to position the firm rapidly in global niche markets (Weerawardena et al., 2007).

5.5 Supportive Environment

The Supportive Environment and the dependent variable global expansion/scalability were regressed. The component variables included; cultural affinity, government assistance, access to finance and legal and administrative procedures.

In Table 5, Summarised Correlations, the findings show that: there is relationship between Supportive Environment and global expansion/scalability; there is a positive relationship (r = 0.366, significant p<0.01) and Fitness/Appropriateness of Management; there is a positive relationship (r = 0.346, significant p<0.01) between Supportive Environment and Innovation and technology; and there is no relationship (r = 0.545, significant p<0.01) between Supportive Enviroment and Gobal Market Strategy.

In Table 6(c), the independent variable, Supportive Environment, explains negative 1.4 per cent of the change of the dependent variable, adjusted R^2 = -0.014. In Table 6(d), ANOVA result show, the F value is 0.464 and is not significant. Thus, the null hypothesis is accepted and alternative hypothesis rejected.

In Table 6(e), the population regression coefficient (β) is 2.547 and is significant at p<0.01. It implies that the independent variable, Supportive Environment is playing a useful role in the regression model.

From the foregoing the null hypothesis, **Ho4**: There is no functional relationship between supportive environment for Kenyan SMEs and their global expansion/scalability is rejected and the alternative hypothesis accepted. However, it is argued that there is an indirect relationship between supportive environment and global expansion/scalability.

Further, study findings show that there is no significant difference in ability to access bank loans and credit for global expansion/scalability among the firms. However, it can be concluded that some financial assistance indirectly influence the process including finance guarantee related programs such as duty drawback scheme and income tax rebates create more profitable export trade and a competitive position for exporting firms and export credit guarantee schemes would provide much required security against trade and political risks SMEs face in their initial international ventures (Hall, 2003; Rajesh et al., 2008).

5.6 Conclusion

The research findings show that, innovation and technology, fitness/appropriateness of management, global market strategy and supportive environment ranked high as success factors for global expansion/scalability. However, it should be noted that success in global expansion/scalability also entails a comprehensive strategy.

The ranking of the factors in order of priority supports focusing concern on the orientation of business strategy toward global market strategy, market research geared at obtaining foreign market intelligence, innovation and technology, product adaptation, service orientation, collaborative ventures, and long-range vision as key factors in making Kenyan firms successful in the international market.

The research findings are in line with the argument by other researchers that factors that influence the decision to undertake export activities include the firms' strategy regarding its marketing mix (Weaver et al., 1998) and that when a firm is aware of its product superiority, it is more likely to export the product, and also the technological intensity of the industry has a significant relationship to the proportion of output that is exported (Cavusgil and Naor 1987; Cavusgil and Tamer, 1980). R&D and innovation, involving the introduction of new products or the improvement of a firm's existing product range, play a key part in helping a firm to sustain or improve its market position (Roper and Love, 2002).

It has further been found that governments should ensure that SME managers receive assistance that enables them to become more marketing oriented in their approaches to conducting business overseas (Crick and Czinkota, 1995). In addition, it can be concluded that government red tape and administrative compliance cost, product liability cost in the foreign markets, high customs duties, tariffs, import quota imposed on the company products, complicated and costly licensing requirements, and lack of adequate protection of intellectual property rights are a hindrance to global expansion/scalability of SMEs.

In addition the research study findings show that there is no significant relationship between accessibility to bank loans and credit for global expansion performance among SMEs. However, it can be concluded that some financial assistance indirectly influence the process including finance guarantee related programs such as duty drawback scheme and income tax rebates create more profitable export trade and a competitive position for exporting firms and export credit guarantee schemes would provide much required security against trade and political risks SMEs face in their initial international ventures (Hall, 2003; Rajesh et al., 2008).

The next section deals with the implications for practice and policy.

5.7 Implications for practice and policy

There is need for a coordinated policy approach to support the global expansion/scalability of SMEs. It is important in this regard to provide an enabling institutional and regulatory environment, as well as policies to ease SMEs access to markets and strategic resources.

It is important to pursue initiatives and policies for strengthening of collaboration/partnerships between SMEs, large firms, universities and research centres, and government to enable global expansion/scalabilty of SMEs. The government should actively encourage collaboration among SMEs and large enterprises particularly in areas of rapid technological change, substantial social need, and intense international competition. Collaboration should focus on both product and process technologies. For example, the issue of quality performance can become the focus of a cooperative effort throughout an entire industry, its suppliers and customers in order to ensure that Kenyan goods and services meet the exacting international standards.

Further, there is need to have an early-warning system to alert firms of changes that may lead to potential failure in their global business activities. This should include a system for tracking and evaluating competitive developments worldwide and making the information easily available to firms. In addition, there should be access to growth capital for SMEs, support to for appropriate management or global management expertise (management capabilities and perceptions), as well as knowledge and technology for SMEs to enable them to expand/scale up globally.

Many SMEs in Kenya do not participate in the international market because they must first meet their domestic investor's expectations of short-term profit projections. The start-up cost and higher transaction cost might make an SME dissuaded from going international as this may hurt its performance. It is therefore important that the government provide export assistance to enterprises that are starting to export. It is also necessary to revamp trade promotion organisations to become more pro-active and to allocate more funds for overseas marketing, It is necessary that measures are put in place to provide part-grants for SMEs to obtain international accreditation for their processes (for example ISO standards), establish a productivity centre to improve industrial productivity to world standards.

Kenya needs to continuously invest in upgrading of its human capital to ensure a steady supply of a pool of literate, numerate and high-technology-savvy population. There is need to find, develop and disseminate the best resources that Kenya can offer and to even seek it wherever it can be found to assist SMEs. Kenya should use technology and information systems to ensure that education to prepare our SMEs is available nationally. Trade and high technology education should be a regular part of the education system in Kenya starting from primary through secondary and university. Comprehensive survey of skill needs should be conducted on a regular basis, involving industry, using techniques such as international benchmarking. This can serve as a basis for prioritising training needs at all levels. The government should target new skills that are likely to be critical for future competitiveness, in particular in food processing, capital-intensive process industries, and electrical and electronics engineering.

5.8 Suggestions for Future Research

Follow up interviews for some selected organisations and individuals may be carried out as subsequent research to probe further interesting issues from the research study and to have some in depth study of some organisations which shall be documented and analysed as multi-case studies to document best practices in terms of global expansion success factors. In addition, further research should be undertaken in areas of constraints associated to technological learning in particular the export-related production technology transfers.

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