FACTORS TO CONSIDER WHEN GOING GLOBALLY

(A CASE OF KENYA COMMERCIAL BANK)

BY:

KENNEDY D. OTWORI
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DECLARATION

This research project is my own work and has not been presented for examination in any university

Signed: [Signature] Date: 21/11/12

KENNEDY D.OTWORI

D53/NKU/PT21741/2010

I confirm that this research project was written and presented for examination by the candidate under my supervision

Signed: [Signature] Date: 21/11/2012

DR. ABEL ANYIENI

MBA SUPERVISOR

DEPARTMENT OF BUSINESS ADMINISTRATION

This research project has been submitted for examination with my approval as the Chairman of the department

Signed: [Signature] Date: 21/11/12

Dr. MUATHE S. M (PhD)

CHAIRPERSON

DEPARTMENT OF BUSINESS ADMINISTRATION
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I am also grateful to my lovely children Brian, Chelsea, Ashly and Kyle who instilled in a sense of hardwork throughout my education.
DEDICATION

I wish to dedicate this proposal to my lovely children Brian, Chelsea, Ashly and Kyle for their patience tolerance and support through my education.

Thank you for standing by me
ABSTRACT

This study assessed factors to consider when going globally. The main objective was to investigate the factors to consider when going globally (a case of Kenya Commercial Bank Branches, Kenya). The specific objectives were; to determine the extent to which Social factor affecting Kenya Commercial Bank when considering going global, to establish the extent to which economic environment affect Kenya Commercial Bank when considering going global, to investigate the extent to which technological factor affect Kenya commercial bank when considering going global and to assess the extent to which legal factor affect Kenya commercial bank when considering going global. The study adopted a survey research design. The target population was senior management staff of Kenya Commercial Bank. Simple random sampling was used to select the Managers to be studied and on data collection. The study used both primary and secondary data collection methods. The primary data was collected using questionnaires. Secondary data was obtained from the books and records from the bank records. Qualitative data analyzed qualitatively using content analysis based on analysis of meanings and implications emanating from respondents information and documented data. Descriptive statistics was used to analyze quantitative data. The descriptive statistics included frequency counts, means and percentages. Statistical inferences were drawn using correlation analysis, and regression analysis. Quantitative data was presented using frequency tables, bar graphs and pie charts. Qualitative data was analyzed by arranging responses according to the research questions and objectives. The study found out that the respondents strongly agreed that local culture of host country promoted effective business environment and good foreign relationship with host country was a determinant when considering global. The study found out that employees can be scattered geographically but still work as team members even if distance apart and that manual work procedures had been replaced with automated work procedures, work flows and process respectively, KCB had been able to respond to changes in the market place. The study concluded that local culture of host country promoted effective business environment and that a good foreign relationship with host country was a determinant when considering global. The study further concluded that monetary policies determined KCB going global and that interest rate in the host country was a factor when going global. Additionally, the study concluded that employees can be scattered geographically but still work as team members even if distance apart and that manual work procedures had been replaced with automated work procedures, work flows and process. Finally, the study concluded that laws of hiring and promotion were considered and that tax laws of host country hindered KCB going global.
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DEFINITION OF TERM

Globalisation – is a process of international integration arising from increasing human connectivity and interchange of worldviews, products, ideas, and other aspects of culture.
CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Consumer confidence has been adversely affected by global economic slowdown and turbulence in the financial markets all across the world. In this current business scenario, the banking industry has become highly competitive. Information Technology (IT) is extensively used in this competitive environment to deliver banking services to the consumers. In fact, rise of information technologies and the internet in particular, have changed the consumption process of retail banking as human-human interactions in service delivery is becoming increasingly redundant Bitner et al., (2000). Traditional banking or branch banking is increasingly being replaced by the technology-based banking (e.g. usage of ATMs, internet and phone banking). Hence human-human interactions or face-to-face interactions between customers and bank employees are being replaced by interaction of customers with technology. In fact a large number of IT tools are utilized to increase the efficiency and effectiveness of service delivery Marshall, (2006). With the patterns of consumer behavior changing with the increasing use of technology in the delivery of banking services, there is a need to cultivate customers' confidence in using the tech-based services. This is so because customers may not be ready to avail the tech-based service delivery and there is proof of growing customer frustration while interacting with the technology based service delivery interfaces Parasuraman, (2000).

Since the products offered to the customers of a bank are more or less standardized in nature, banks are feeling an increasing need to differentiate themselves from the competitors on other
criteria that can influence customer satisfaction and loyalty. This is so because customer satisfaction and loyalty have been shown to be of utmost importance for firms' performance in the long run Hallowell, (1996). In order to increase the customer confidence in the capabilities of a service provider, customer satisfaction and customer loyalty are the key factors considered in the existing literature Gerpott et al., (2001). In this context, the importance of technology-based service delivery is increasing. The developments in technology have provided the service companies with a weapon, which helps them to design and deliver superior services to customers and thus in turn boost their confidence in the service provider Surjadjaja et al. (2003). There are several other competitive advantages like entry barrier creation, productivity enhancement and revenue increase, which are associated with technology adoption by service companies Fitzsimmons and Fitzsimmons, (1997).

Globalization refers to the process of the intensification of economic, political, social and cultural relations across boundaries, and it is principally aimed at the homogenization of political and socio-economy across boundaries. A sound banking system depends partly on the control exercised by the central bank and, the trust that customers have that their money will be safe, and that when one wants to withdraw money their funds will be available. According to Rose (1999), a financial institution is one that facilitates allocation of financial resources from its source to potential users.

Almost every person on earth shares the notion that the world has become a global village. Events, discoveries, technologies and crises that make headlines in one part of the world. Interdependencies at all levels, an inherent feature of globalization, provide several actors (governments, organizations, and private individuals) numerous opportunities such as large
markets, access to modern technology worldwide, access to modern and superior goods/services, and fewer barriers to trade and capital flows. It is up to every actor to develop its capabilities so as to be able to exploit the opportunities emerging from globalization. As maintained by Lee (2005), our tastes, needs, wants and demands are converging, a trend termed as "global consumers". It is not uncommon to witness that modern technologies are making it not only easy for isolated places and impoverished people to be exposed to modern goods and services, they are eager for modernity's allurements, Cox and Enis, (1988). However, the potential benefits which globalization provides cannot be realized by many people or countries of the poorest parts of our globalize markets Spiegel, (2007); Peters and Pierre, (2006); Human Development Report, 2004).

Recent years have seen a drastic reduction in global barriers to competition in the financial services industry. Deregulation around the world has permitted consolidation across more distant and different types of financial institutions. Improvements in information processing, telecommunications, and financial technologies have facilitated greater geographic reach by allowing institutions to manage larger information flows from more locations and to evaluate and manage risks at lower cost without being geographically close to the customer. Moreover, growth in cross-border activities of nonfinancial companies has spurred greater demands for institutions that can provide financial services across borders. Despite these forces, the financial services industry in general, and the commercial banking industry in particular, currently remain far from globalized. While there has been considerable bank consolidation within individual industrialized nations in recent years, cross-border bank mergers and acquisitions among these nations have generally been much less frequent Group of Ten (2001).
(Levine 1996), in most other nations as well, market shares of foreign-owned banks are generally below 10%. It is argued here that the banking industry may never become fully globalized, even after adjusting to the full effects of deregulation, technological progress, and increased cross-border nonfinancial activity. Some banking services such as relationship lending to informational opaque small businesses may always be provided primarily by small, local institutions headquartered in the nation in which the services are demanded. Other services, such as syndicated loans to large borrowers, are more likely to be provided by large, global institutions for which the home nations of these institutions are of much less consequence to the demanders of the services.

1.2 Problem statement

Financial institutions like any other institutions are judged by their products and services against the social and cultural beliefs within their environment of operation either local or global. The majority of culture for example does not believe in financial empowerment of the female gender and hence poses a social problem in terms of savings, financial growth and thrift in business. A financial institution thrives best in a supportive economic environment that is stable and predictive most of the time if not always. Government policies in place that control technological advancement in ICT; and cash flow are some of the challenges that face banking institutions in other adequate legal control of financial sector. Business confidence and trust by the customer in a new environment. A lot of studies have been done on globalization which brings with it measures to improve the quality of corporate governance increasing the efficiency of banks and therefore stabilizing the economy (Jeon et al, 2006).
However, in contrast to the growing literature on the merits and pitfalls of foreign bank participation in emerging markets, little attention has been paid on factors to consider when going global. Kenya commercial bank being the largest banks in Kenya, need to do a thorough feasibility study on Social environment, economic environment, technological factor and legal factor before considering going global.

Despite of that the KCB makes substantial profit each year it has not grown globally like Equity bank, Standard bank among others. Therefore, this study attempted to investigate the PESTEL factors of KCB when going global and propose a best PESTEL analysis when the company wants to position itself globally like Equity bank which has branches in Uganda, Tanzania, Rwanda, Southern Sudan and Kenya.

1.3 Objectives

1.3.1 General objective

The main objective was to investigate the factors to consider when going globally (a case of Kenya commercial Bank Branches, Kenya)

1.3.2 Specific objectives

Specifically, the study sought:

i. To determine the extent to which Social factor affect Kenya Commercial Banks when considering going global.

ii. To establish the extent to which economic environment affect Kenya Commercial Banks when considering going global.
iii. To investigate the extent to which technological factor affect Kenya Commercial Banks when considering going global.

iv. To assess the extent to which legal factor affect Kenya Commercial Banks when considering going global.

1.4 Research questions

i. To what extent does Social environment affect Kenya Commercial Banks when considering going global?

ii. To what extent does economic environment affect Kenya Commercial Banks when considering going global?

iii. To what extent does technological factor affect Kenya Commercial Banks when considering going global?

iv. To what extent does legal factor affect Kenya Commercial Banks when considering going global?

1.5 Scope of the study

This study was conducted in selected Kenya Commercial Bank branches within Kenya. The study focused on the factors to consider when going globally in the banking sector.

1.6 Significance of the study

The research study will provide a basis of understanding factors to consider when going globally and the growth in the banking sector and seek ways of adopting best management practices to enhance the delivery of services through prudent management. The study will provide
complementary knowledge useful in formulation of policy and a regulatory framework on the ability of banks to effectively manage their operations and growth so as to promote the economic development of the banking sector. The study will provide background information to research organizations and scholars who may want to carry out further research in this area. The study will also facilitate individual researchers to identify gaps in the current research and carry out research in those areas.

1.7 Limitations of the Study

It would have been ideal to collect data from the entire population (all the Kenya Commercial banks branches in Kenya). Nevertheless, owing to the limitations of time, financial constraints and logistical problems the study undertook a case study of Selected Kenya commercial Bank Branches within Kenya.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature on factors to consider when going globally in the banking sector. The review includes, the theoretical literature, theoretical framework that generally discuss an overview of globalization; and the empirical literature that discusses previous studies linking globalization and the banking sector. It also covers the conceptual framework that discusses on the variables of the study.

2.2 Theoretical review

Globalization refers to the process of the intensification of economic, political, social and cultural relations across boundaries, and it is principally aimed at the homogenization of political and socio-economy across boundaries. A sound banking system depends partly on the control exercised by the central bank and, the trust that customers have that their money will be safe, and that when one wants to withdraw money their funds will be available. According to Rose (1999), a financial institution is one that facilitates allocation of financial resources from its source to potential users.

When globalization is used in an economic context it refers to the reduction and removal of barriers between national borders in order to facilitate the flow of goods, capital, services and labor. Globalization has had an effect on how banking business activities are conducted worldwide and Zimbabwe was not spared. Since the advent of EFTPOS (Electronic Funds
Transfer at Point Of Sale), direct debit, direct credit and internet banking, the cheque has lost its primacy in most banking systems as a payment instrument (MacEwan, 1990).

Bank branch networks have been influenced greatly by Automated Teller Machines (ATMs), computerized telecommunications devise that provides a financial institution’s customers a method of financial transactions in a public space without the need for a human clerk or bank teller, Smith (1999). Most banks now have more ATMs than branches, and ATMs are providing a wider range of services to a wider range of users. For example in Hong Kong, most ATMs enable anyone to deposit cash to any customer of the bank’s account by feeding in the notes and entering the account number to be credited. Telephone, mobile, video and online banking have replaced face to face interaction with the banker in many economies, Rose (1999). Rose described telephone banking as a service provided by a financial institution which allows its customers to perform transactions over the telephone. Online banking is a term used for performing transactions, payments and so on over the Internet through a bank, credit union or building society’s secure website.

Globalization can be seen as an evolution which is systematically restructuring interactive means among nations through breaking down barriers is the areas commerce, communication and other areas of endeavor, Ohuabunwa (1999). This is as a result of existence of free-market forces and good corporate governance among other values. According to the International Monetary Fund (IMF) globalization has increased international division of labor and the accompanying integration of national economies through trade in goods and services cross border corporate investments, and financial flows. The effect of globalization on the banking or financial system is not something imposed but the result of forces for change that are deeply rooted in human
nature: the drive for freedom and better service, for new discoveries, and for a broader horizon MacEwan, (1990).

In the banking sector globalization has removed national or entity barriers to the free movement of international capital and this process is accelerated and facilitated by the supersonic transformation in information technology Ohiorhenuan, (1998). Globalization has been used as a synonym or attributed to as a major influence of liberalization and greater openness. The implication of this is that both domestic and foreign liberalization are said to imply globalization, since the former brings domestic markets more in conformity with forces operating in markets abroad, and the removal of administrative barriers to international movement of goods, services, labor and capital increases economic interaction among nations Tandon, (1998). It is within this view that we can argue that globalization is mainly a phenomenon of capital mobility.

According to Toyo (2000) the new development which seems to connect these different strands is that an increased pace of capital mobility has begun to shift the prospects for economic development and growth to the global level - an indication of the expropriation of surplus and capital flight from the African economies. Due to the globalization effect it's now easier for foreign banks to enter the host country’s financial market Toyo, 2000 and Bhagwati, (2004). Globalization has possible risks of negative shocks which may cause instability in the domestic market, increased competition which can result in weakening of the local banking sector, possibility of the foreign banks fleeing in times of trouble and also can result in inability of regulations to control the foreign banks in the host country Gupta, (2002). Gupta asserted that there is also a problem of inability of regulations of the host country to control bank behavior and increased foreign deficits emanating from profit transfers.
Developing countries with high debts may perceive globalization as a solution (Leow, 1999). The host country expects increasing international trade, improving technology in order to modernize the banking sector, increasing the product and service variety, encouraging savings among other things. Hunter and Stephen (1991) postulate that globalization of the banking sector brings more benefits than harm to the domestic market. They go on to say that globalization helps improve the quality of corporate governance, which increases the efficiency of banks. Its effects also come in new financial products and services that are introduced which as a result increase competition in the domestic sector.

However, it is argued that in the short run, efficiency increase is not guaranteed and that globalization improves efficiency only if it exceeds a certain level that can offset the negative incentive effects. Globalization may have a destabilizing effect because when the conditions that attracted foreign banks disappear they tend to sell their subsidiaries to local banks and investors that may lead to a banking crisis Hunter and Stephen (1991). The chances that the least efficient domestic banks will improve after foreign entry are lower compared to those of banks already operating closer to international standards.

According to Leow (1999) as the number of foreign banks increase, excess profits are eliminated, resulting in socially optimal results. A stable and properly functioning banking system is essential for economic growth. Hence this makes the relationship between bank performance and development crucial.
2.3 Theoretical framework

2.3.1. Expectations of the Host Country from Foreign Entry

Countries that are in the process of liberalization or that have high amounts of debt perceive globalization as a solution. Increasing the international trade, improving technology in order to modernize the domestic banking sector, increasing the product and service variety, encouraging savings are some other expectations of the host country from globalization. Moreover, some countries prefer to finance growth with minimum cost and on a long term basis when possible. After a crisis period, for instance, these countries try to attract foreign banks which, in return, could take advantage of the lower prices in the host country’s market Çakar (2003). As an evidence, following the Asian crisis, governments relaxed entry barriers resulting in an increased amount of foreign participation Domanski, (2005); Montgomery, (2003). In addition, low level of competition in the host country and access to new customer base also act as pull factors that motivate countries to expand abroad Kraft, (2002). In contrast to Kraft (2002), however, conclude that deregulation attracts foreign entry but not the pull factors.

2.3.2. Expectations of Foreign Banks from globalization

In addition to the above factors, low profits and regulatory restrictions in the home country lead to the widespread globalization acting as the “push” factors. Kraft (2002), historically, bank globalization followed the economic integration of countries. Currently, however, there are more factors than this in expanding abroad. Grubel’s theory of globalization has lost its relevance. Grubel suggests that the main advantage of foreign banking is the information and personal contacts between banks and a manufacturing firm’s parent in a foreign country at a low cost. Supporting this view, Buch (2000) and Green, Murinde and Nikolov (2002) also suggest that
foreign banks go after their customers, which has been possible and much easier thanks to globalization and the removal of entry barriers along with the reforms facilitating their entrance into the host country market Tschoegl, (2003). However, Du (2003) found that while lending, foreign banks give priority to the borrowers other than the ones from the home country. Hence, Grubel’s explanation becomes less relevant for foreign entry to emerging economies’ retail banking sector as in Latin America where some European banks have customers without any relationship before the entry. In the past, multinational banks mainly worked for home country customers and provided local firms with access to international financial markets. Today, main purpose of these multinational banks is diversification and integration to domestic markets Paula, (2003). On the determinants of foreign entry, Magri et al. (2005) analyzes the case of Italy suggests that one reason for the entry is the difference between the domestic and foreign interest rates. This view is also shared by some studies on the U.S. case. With respect to the US case, it is also shown that there is a positive relationship between bank presence and the variables such as foreign investment, foreign trade and the size of banking sector in the parent country.

Figure 2.1: Theoretical framework

Source (OWN 2012)
2.4 Measures of credit growth

The role of private credit growth has been a source of disagreement within the banking crisis literature. There are theoretical as well as empirical grounds for the diverging views on credit booms. Proponents of the predominant viewpoint to the boom-bust credit cycle explanation, along with distorted incentives to allocate credit away from market-determined criteria during periods of credit expansion. Gourinchas et al., (2001), however, view expansion of credit as a normal phase of financial development. Far from being a transitory development, Gourinchas et al. argue that credit booms can be symptomatic of improvements in investing opportunities. Amri et al. (2011) find that the interaction between credit growth and financial liberalization is significant in predicting banking crisis probability but credit growth alone is not. One way is to employ a continuous measure of private credit growth, another to define a dichotomous measure of credit boom episodes. Within the latter group, credit boom is coded as 1 when there occurs "usually large" credit growth. However, there has been much debate about what is "unusually large" vis-a'-vis "normal" credit growth – whether it can be captured by the deviation in the growth of credit from its trend, above a certain "normal" threshold, or the pace of credit growth, as compared with the growth of GDP itself as well as the appropriate statistical filters to employ. The continuous measure of credit growth has been used in most multivariate logit/probit banking crisis models with the purpose of estimating the marginal effect of private credit growth on the probability of a banking crisis. The dichotomous measure has been used in frequency analysis and event studies relating episodes of credit booms and banking crises Mendoza and Terrones, (2008). Gourinchas et al. (2001) compare probabilities of banking crises before and after credit boom episodes.
2.5 Empirical review

This has led legal theorists to suggest that the cheque based definition should be broadened to include financial institutions that conduct current accounts for customers and enable customers to pay and be paid by third parties, even if they do not pay and collect Vijayaragavan,(2007). According to Koch (2008) mobile banking is a method of using one’s mobile phone to conduct simple banking transactions by remotely linking into a banking network. Koch described video banking as that used for performing banking transactions or professional banking consultations via a remote video and audio connection. Video banking can be performed via purpose built banking transaction machines (similar to an Automated Teller Machine), or via videoconference enabled bank branch.

A healthy economy has been characterized by an increase in transnational firms, international financial institutions operating independently of national boundaries and domestic economic considerations. The implication of deterritorialisation for African countries is that world goods, factors of production and financial assets would be almost perfect substitutes everywhere in the world. The increase in the volume of goods among nations, international trade continues to grow resulting in greater international banking business being combined by insurance services under one roof Bhagwati, (2004).

While foreign entry may come after financial crisis in developing countries it is mainly due to low level competition in host country, deregulation and access to new customer base that lead to foreign entry in developing countries. Foreign entry of banks has brought new technology and risk management techniques, funds for the banks in need, and regulations that can reduce the amount of financial capital that may flee the country in times of crises. Moreover globalization
brings with it measures to improve the quality of corporate governance increasing the efficiency of banks and therefore stabilizing the economy Jeon et al, (2006).

The World Bank (2005) research shows that restrictions on foreign entry constrain productivity growth and financial development, hence making the financial sector more prone to risks. International capital flows are essential for long term development. For this to be a reality long term reforms should to reform the financial sector should be put in place. For this to come into effect it usually takes that entry requirements are relaxed, bank regulations should be strengthened, technology and human skill need to be supported. In contrast, Vijayaragavan (2005) argue that the impact of foreign entry varies with the level of economic development of a country. They further argued that a relationship exists between the type of the regulatory system in a country and the development of the financial markets. Weaker bureaucracies, imply stronger regulations thus strengthening the banking sector from crisis.

Given the central importance of finance for economic development and poverty alleviation, the shallowness of African finance is alarming. African financial systems are small, both in absolute as in relative terms. Many African financial systems are smaller than a mid-sized bank in Continental Europe, with total assets often less than $ 1 billion. Small size is connected to low productivity and skill shortages, and prevents banks from exploiting scale economies and might deter them from undertaking large investments into technology. Africa’s financial systems are also characterized by very limited outreach, with less than one in five households having access to any formal banking service, be it savings, payments or credit services. Again, this in stark contrast not only to Continental Europe, where access to a checking account is taken for granted, but also to other regions of the developing world. Banking is very expensive, as reflected by high interest spreads and margins. This spread between deposit and lending interest rates provides
dis-incentives for both savings and lending and is driven mainly by the absence of scale economies and very high risks due to weak and underdeveloped contractual frameworks and economic and political volatility. In spite of high costs and high risks, however, banks are very profitable. Indeed, subsidiaries of foreign banks in Sub-Saharan Africa have higher returns on assets and equity than subsidiaries of the same bank in other regions of the world, possibly reflecting the lack of competition in most banking markets in the region Honohan and Beck, (2007).

Banking is also very expensive for deposit customers, as reflected by very high minimum balance requirements and annual fees for checking but even savings account holders in many African countries Beck, Demirguc-Kunt and Martinez Peria, (2008). Moreover, these high costs alone can explain why less than 20% of the population in many African countries has a bank account. The gap between Africa and other regions of the world is even starker in other parts of the financial systems. Only a third of countries in the region have stock markets, which are mostly small and illiquid. Attempts at regional exchanges such as in Abidjan have had limited success, with most issues still coming from the host country. Corporate bond markets are almost non-existing in most countries, with many countries even having very shallow government bond markets if at all IMF, (2008).

While the low levels of financial depth and breadth partly reflect low levels of economic development and the small size of countries, the prevalence of informal economic arrangements, high exposure to economic and socio-political shocks and low levels of governance, as reflected in limited rule of law, lack of democratic participation and inefficient bureaucracies, also contribute to the financial shallowness Honohan and Beck,(2007). More specifically, the informality of the personal and professional situation of many households and micro-
entrepreneurs prevents them not only from opening bank accounts as they do not possess the necessary documents, but also excludes them from the formal credit market, in the absence of formal title to their land or even just a formal enterprise registration. Volatile income and revenues streams that often come with informality are further barriers to access to formal credit. The prevalence of economic and socio-political shocks in most African countries limits the time horizon of savers and investors alike and can partly explain why a large proportion of African savings is still held outside the continent. Weaknesses in the contractual framework, high degrees of corruption, the risk of expropriation and inefficient bureaucracies are different dimensions of the deficient governance structure in most countries of the region, but all with the same consequence of limited intermediation and focus on short-term transactions rather than long-term commitments. Taken together, the factors can explain why the level of financial development in many low-income countries in Africa is lower than low-income countries in other regions and has not fulfilled its growth potential yet, although this has been improving compared to previous years Honohan and Beck,( 2007).

In 1995, Kenya experienced a financial crisis where some of the large and small local bank that failed were the Trust Bank, Reliance Bank, Prudential Bank, Bullion Bank, Trade Bank, Delphis Bank, Continental Bank and Pan African Bank. Economist Intelligence Unit, (1995, p. 13). These banks were faced with problems of tight liquidity conditions, failure to meet obligations when they fall due, this saw them having to use depositor’s funds to support their financial crisis which should not be the case. The role of intermediation was greatly thwarted resulting in the public losing confidence in the banking sector. Later, there was an increased use of the Real Time Gross Settlement (RTGS) system to facilitate money transfer in a bid to increase the use of plastic money. This had drastic effects on the economy which saw retailers charging different
prices of their goods if one was using plastic money and cash money. The abuse of RTGS system also caused serious cash shortage. The public reached a point where they practically refrained from putting money in the bank and relied on keeping it as foreign currency in order to keep abreast with inflation levels.

Globally banks have registered an increase in their product portfolio due to increased Information Communication Technology (ICT) and as a result the banking sector's product portfolio was greatly influenced. This has resulted in improved efficiency in the global financial system. However, in most developing economies ICT lacks the necessary infrastructure to support it. This keeps the service quality low and depresses the rate of return on investments in the banking sector.

The Central Bank controls the interest rates, which CBK monitors regularly. Recently the central bank reduced the interest rates to stimulate growth in the banking sector. Economic growth can be enhanced by investment in capital. A low interest rate implies that firms can loan money to invest in their capital stock and pay less interest for it. Lowering the interest is therefore considered to encourage economic growth and is often used to alleviate times of low economic growth. On the other hand, raising the interest rate is often used in times of high economic growth as a contra-cyclical device to keep the economy from overheating and avoid market bubbles. People are demanding high-class products. This has opened opportunities for the banking sector to tap from the change debit cards credit card that is a convenience way of carrying plastic money. The latest technological developments in computer and telecommunications have encouraged the bankers to change the concept of branch banking to agent banking. ATMs on the other hand have allowed anytime and anywhere banking facility
2.6 Conceptual framework

Independent variable

Economic factors;
- Interest rates
- Exchange rates
- Inflation rates
- Tax rates
- Monetary policies

Technological factors i.e. IT;
- Flattening organisation
- Separating work from location
- Reorganising work flows
- Flexibility of organization
- Management process
- Debit card, ATMS

Legal factors;
- Tax law in host country
- Laws of hiring and promotion

Social factor
- Country's culture
- Demographic

Intervening variable

Regulatory bodies (central bank)
- Price/Interest rate controls

Dependent variable

Globalization in banking sector
- Financial benefits
- Non financial benefits

Figure 2.2: Conceptual framework
Source own 2012
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design and methodological procedures that were used in data collection and analyses. The discussion included the research design; location of the study; population of the study; sampling procedure and sample size; instrumentation; data collection; and data analysis.

3.2 Research design

This study employed a descriptive research design to investigate the analysis of factors to consider when going global. Saunders et al, (2009) say that descriptive research portrays an accurate profile of persons, events or situations. This design offers to the researchers a profile or described relevant aspects of the phenomena of interest from an individual, organizational and industry-oriented perspective. It presents data in a meaningful form that helps the researchers to understand characteristic of a group in a given situation, to think systematically about aspects in a given situation, offer ideas for further research and helps to make certain simple decisions. Miller (1991), descriptive research is the process of collecting data in order to answer questions concerning the current status of the subject study. Therefore the design enabled the researcher to gather data from a wide range of respondent on the analysis into factors to consider when going global.
3.3 Target Population

According to Mugenda and Mugenda (2003), described population as, the entire group of individuals or items under construction in any field of inquiry and have a common attribute. Target population is the population this study would desire to make generalized result of the research study, therefore the target population was the senior management staff of Kenya commercial bank, Kenya totaling to 100 senior management staff.

3.4 Sample Design and sample size

A sample is asset of entities drawn from a population with the aim of estimating characteristics of the population Sigel, (2003). It is a fraction of population selected such that selected portion represents the population adequately. According to Saunders et al, (2009) in a population range up to 100, a sample of 99 members is appropriate at a 99% confidence level assuming data are collected from all cases in the sample. These 99 members were randomly sampled.

3.5 Data collection Instruments

Open and closed ended questionnaires were prepared and administered to the senior management staff. According to Kothari, (2004) the questionnaire method is the most suitable tool for collecting data. It is economical in terms of time and cost compared to other methods. The Questionnaires facilitated easy and quick responses within a short time period. It also gave respondent freedom to express their views or opinions and also to make suggestions.
3.6 Data Collection Procedures

The study relied on primary data using questionnaire which was administered on a drop and pick method from selected respondent in the factory. The study also relied on secondary data from the Kenya Commercial Bank Reports. Questionnaires were distributed to the sampled population by the researcher for filling by the respondents. The questionnaires were simplified as much as possible so that all respondent had a clear meaning of each of the question.

3.7 Validity of Data Collection Tools

This refers to the extent to which a research performs what it was designed to do (Mugenda & Mugenda, 1999). The content validity of the instrument was determined with the researcher discussing the items in the instrument with the supervisors and lecturers at Kenyatta University. For the research instrument to be considered valid, the content selected and included in the questionnaires had to be relevant to the variable being investigated.

3.8 Reliability of the Study

This refers to the measure of the degree to which research instrument is free from random error (Kathuri & Pals, 1993). In order to test the reliability of the instrument that was used in the study, the test – retest method was used. The questionnaire was administered twice within an interval of two weeks. In the study, the reliability was established through the pilot-test whereby some items were either be adding or dropping to enable modification of the instrument.

3.9 Data Analysis and presentation

The data from the completed questionnaires was studied, re-coded and entered into the computer using the Statistical Package for Social Sciences (SPSS) version 17. This research was expected to yield both qualitative and quantitative data. Qualitative data was analyzed qualitatively using
content analysis based on analysis of meanings and implications emanating from respondents information and documented data. Descriptive statistics was employed to analyze quantitative data. The descriptive statistics included frequency counts, means and percentages. Statistical inferences were drawn using correlation analysis, and regression analysis. Quantitative data was presented using frequency tables, bar graphs and pie charts. Qualitative data was analyzed by arranging responses according to the research questions and objectives.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on to investigate on the factors to consider when going global A case Study of KCB. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.1.1 Response rate

The study targeted 101 respondents in collecting data with regard to investigating the factors to consider when going global, a case Study of KCB. From the study, 101 sample respondents filled-in and returned the questionnaires making a response rate of 100%.

4.2 Reliability and Validity

Reliability refers to the extent to which a measuring instrument contains variable errors that appear inconsistency from observation during any one measurement attempt or that vary each time a given unit is measured by the same instrument. Construct validity is established by relating measuring instruments to a general theoretical framework in order to determine whether the instrument is tied to the concepts and theoretical assumptions they are employing (Nachmias & Nachmias, 2008). Easy Reg International a statistical programme was used as the tool of analysis to test the relationship between the dependent variable and the four independent variables as indicated in the table below. Cronbach’s alpha of well above 0.7 implies that the instruments were sufficiently reliable for the measurement. As most item total correlations were
reasonably high, the construct validity of the instruments was considered reasonable (Brown, 2000).

Table 4.1: Reliability and Validity

<table>
<thead>
<tr>
<th>Variable/Construct description</th>
<th>Item Means</th>
<th>Item Standard Deviations</th>
<th>Coefficient Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social environment</td>
<td>3.0</td>
<td>3.3</td>
<td>0.898</td>
</tr>
<tr>
<td>Economic Environment</td>
<td>6.2</td>
<td>6.9</td>
<td>0.792</td>
</tr>
<tr>
<td>Technological factor</td>
<td>7.2</td>
<td>4.2</td>
<td>0.751</td>
</tr>
<tr>
<td>Legal Factor</td>
<td>4.9</td>
<td>5.4</td>
<td>0.782</td>
</tr>
</tbody>
</table>

4.3 Demographic Information

Gender

Figure 4.1: Gender
From the findings, 55% of the respondent indicated that they were male while 45% of the respondents indicated that they were female.

**Age bracket**

![Age Bracket Graph]

According to the findings, 35% of the respondents indicated that they were aged between 36-45 years, 25% of the respondents indicated that they were aged between 46-55 years, 16% of the respondents indicated that they were aged between 25-35 years, 14% of the respondents indicated that they were aged over 55 years while 10% of the respondents indicated that they were aged below 25 years.

*Figure 4.2: Age Bracket*
From the findings, 44% of the respondents indicated that their highest level of academic qualification was the university, 40% of the respondents indicated that their highest level of academic qualification was the middle college, 15% of the respondents indicated that their highest level of academic qualification was the secondary while 1% of the respondents indicated that their highest level of academic qualification was primary.
According to the findings, 45% of the respondents indicated that they had worked in the bank for between 1-10 years, 25% of the respondents indicated that they had worked in the bank for between 21-30 years, 15% of the respondents indicated that they had worked in the bank for between 11-20 years, 10% of the respondents indicated that they had worked in the bank for 1 year and below while 5% of the respondents indicated that they had worked in the bank for over years.
4.4 Study Variables

4.4.1 Social Environment

The study sought to find out the effect of social environment on KCB when considering going global.

According to the findings as depicted in table 4.2, the respondents strongly agreed that Local culture of host country promoted effective business environment as indicated by a mean of 3.4 while the respondents agreed that a good foreign relationship with host country was a determinant when considering global as indicated by a mean of 2.9.

<table>
<thead>
<tr>
<th>Table 4.2: Social Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Local culture of host country promote effective business environment</td>
</tr>
<tr>
<td>A good foreign relationship with host country is a determinant when considering global</td>
</tr>
</tbody>
</table>

4.4.2 Economic Environment

The study sought to find out the effect of economic environment on KCB when considering going global.
Table 4.3 below depicts that the respondents agreed that monetary policies determined KCB going global as indicated by a mean of 3.8. The respondents strongly agreed that interest rate in the host country was a factor when going global as indicated by a mean of 3.6. The respondents strongly agreed that inflation rate of the host country determined KCB global going and that tax rate by the host country was a consideration as indicated by a mean of 3.5 respectively. Finally, the respondents agreed that exchange rate in the host was a consideration by KCB as indicated by a mean of 3.4.

**Table 4.3: Economic Environment**

<table>
<thead>
<tr>
<th></th>
<th>Strongly</th>
<th>disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate in the host country is a factor when going global</td>
<td>2</td>
<td></td>
<td></td>
<td>7.1</td>
<td>7.2</td>
<td>34.1</td>
<td>50</td>
<td>3.6</td>
</tr>
<tr>
<td>Exchange rate in the host is a consideration by KCB</td>
<td>4.1</td>
<td>18.4</td>
<td>14.3</td>
<td>43.7</td>
<td>20</td>
<td>3.4</td>
<td>3.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Inflation rate of host country determines KCB global going</td>
<td>2</td>
<td></td>
<td></td>
<td>1</td>
<td>6</td>
<td>15</td>
<td>74.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Tax rate by host country is a consideration</td>
<td>2</td>
<td></td>
<td></td>
<td>6.2</td>
<td>4</td>
<td>24.3</td>
<td>62</td>
<td>3.5</td>
</tr>
<tr>
<td>Monetary policies determine KCB going global</td>
<td>2</td>
<td></td>
<td></td>
<td>6.2</td>
<td>4</td>
<td>54.3</td>
<td>32</td>
<td>3.8</td>
</tr>
</tbody>
</table>
4.4.3 Technological factor

The study sought to find out the effect of technological factor on KCB when considering going global.

Table 4.4 below shows that the respondents agreed that employees can be scattered geographically but still work as team members even if distance apart and that manual work procedures had been replaced with automated work procedures, work flows and process as indicated by a mean of 4.0 respectively, the respondents strongly agreed that KCB had been able to respond to changes in the market place as indicated by a mean of 3.6, the respondents strongly agreed that information technology had made KCB reduce the number of employees and levels in the organization as indicated by a mean of 3.5, finally, the respondents agreed that managerial functions had been computerized to a very high level as indicated by a mean of 3.3.

Table 4.4: Technological factor

<table>
<thead>
<tr>
<th>Information technology has made KCB reduce the number of employees and levels in the organization</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>StdDev</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>10.3</td>
<td>8</td>
<td>39</td>
<td>41</td>
<td>3.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Employees can be scattered geographically but still work as team members even if distance apart</td>
<td>2</td>
<td>6</td>
<td>8.3</td>
<td>45.1</td>
<td>39</td>
<td>4</td>
<td>0.1</td>
</tr>
<tr>
<td>Manual work procedures have been replaced with automated work procedures, work flows and process</td>
<td>4.1</td>
<td>18.5</td>
<td>14.2</td>
<td>33</td>
<td>30.7</td>
<td>4</td>
<td>0.3</td>
</tr>
<tr>
<td>KCB has been able to respond to changes in the market place</td>
<td>6.1</td>
<td>2</td>
<td>4.1</td>
<td>26.3</td>
<td>60</td>
<td>3.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Managerial functions have been computerized to a very high level</td>
<td>2</td>
<td>14</td>
<td>14.3</td>
<td>40</td>
<td>30</td>
<td>3.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>
4.4.4 Legal Factor

The study sought to find out the effect of legal factor on KCB when considering going global.

Table 4.5 shows that the respondents strongly agreed that laws of hiring and promotion were considered as indicated by a mean of 3.5, finally, the respondents agreed that tax laws of host country hindered KCB going global.

**Table 4.5: Legal Factor**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Stddev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax laws of host country hinders KCB going global</td>
<td>2</td>
<td>7.1</td>
<td>7.2</td>
<td>50</td>
<td>34.1</td>
<td>3.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Laws of hiring and promotion is considered</td>
<td>4.1</td>
<td>20</td>
<td>18.4</td>
<td>14.3</td>
<td>43.7</td>
<td>3.5</td>
<td>0.1</td>
</tr>
</tbody>
</table>

4.4.5 Globalization

The study sought to find out the whether there were any benefits by KCB going global.

Table 4.6 below shows that, the respondents strongly agreed that there were financial benefits by KCB going global as indicated by a mean of 3.5, the respondents agreed that there were non-financial benefits by KCB going global as indicated by a mean of 3.4.
There are financial benefits by KCB going global

<table>
<thead>
<tr>
<th></th>
<th>Strongly</th>
<th>disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>24.3</td>
<td>4</td>
<td>6.2</td>
<td>62</td>
<td>3.5</td>
<td>0.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There are non-financial benefits by KCB going global

<table>
<thead>
<tr>
<th></th>
<th>Strongly</th>
<th>disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>Stdev</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>6.2</td>
<td>4</td>
<td>54.3</td>
<td>32</td>
<td>3.4</td>
<td>0.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5 Regression analysis

This section presents a discussion of the results of inferential statistics. The researcher conducted a multiple regression analysis so as to investigate on the factors to consider when going global. A case study of KCB. The researcher applied the statistical package Easy Reg International to code, enter and compute the measurements of the multiple regressions for the study. Findings are presented in the following tables;

Table 4.7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.746</td>
<td>.869</td>
<td>.577</td>
<td>.494</td>
</tr>
</tbody>
</table>

Source: Research, 2012
a. Predictors: (Constant), social environment, economic environment, technological factor and legal factor.

b. Dependent Variable: Globalization

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Globalization) that is explained by all the 4 independent variables (social environment, economic environment, technological factor and legal factor).

The four independent variables that were studied explain 86.9% of variance in globalization as represented by the $R^2$. This therefore means that other factors not studied in this research contribute 13.1% of variance in the dependent variable. Therefore, further research should be conducted to investigate into the other factors to consider when going global.

Table 4.8: ANOVA (Analysis of Variance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>5.239</td>
<td>11</td>
<td>.197</td>
<td>16.0</td>
<td>.001a</td>
</tr>
<tr>
<td>Residual</td>
<td>52.345</td>
<td>90</td>
<td>.110</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>57.584</td>
<td>101</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research, 2012
a. Predictors: (Constant), social environment, economic environment, technological factor and legal factor.

b. Dependent Variable: Globalization

The F critical at 5% level of significance was 6.54. Since F calculated is greater than the F critical (value = 16.0), this shows that the overall model was significant. The significance is less than 0.05, thus indicating that the predictor variables, (social environment, economic environment, technological factor and legal factor). Explain the variation in the dependent variable, which is globalisation. Subsequently, we reject the hypothesis that all the population values for the regression coefficients are 0. Conversely, if the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable.

Table 4.9: Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.631</td>
<td>.77</td>
<td>5.864</td>
<td>0.000</td>
</tr>
<tr>
<td>social environment</td>
<td>3.253</td>
<td>0.251</td>
<td>0.347</td>
<td>0.677</td>
</tr>
<tr>
<td>economic environment</td>
<td>1.133</td>
<td>0.122</td>
<td>0.644</td>
<td>0.366</td>
</tr>
<tr>
<td>technological factor</td>
<td>2.867</td>
<td>0.547</td>
<td>0.466</td>
<td>0.286</td>
</tr>
<tr>
<td>legal factor</td>
<td>1.354</td>
<td>0.566</td>
<td>0.433</td>
<td>0.298</td>
</tr>
</tbody>
</table>

Source: Research, 2012
From the regression findings, the substitution of the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \) becomes:

\[
Y = 3.631 + 3.253 X_1 + 1.133 X_2 + 2.867 X_3 + 1.354 X_4
\]

Where \( Y \) is the dependent variable (globalisation), \( X_1 \) is social environment variable, \( X_2 \) is economic environment variable, \( X_3 \) is technological factor variable and \( X_4 \) is the legal factor variable.

According to the equation, taking all factors (social environment, economic environment, technological factor and legal factor) constant at zero, globalization will be 3.631. The data findings also show that a unit increase in social environment variable will lead to a 3.253 increase in globalisation; a unit increase in economic environment will lead to a 1.133 increase in globalisation; a unit increase in technological factor will lead to a 2.867 increase in globalization and a unit increase in legal factor variable will lead to a 2.967 in globalization. This means that the most significant factor is social environment followed by technological factor.

At 5% level of significance and 95% level of confidence, social environment had a 0.003 level of significance; economic environment had a 0.001, technological factor had a 0.002 level of significance, while legal factor had a 0.004 level of significance implying that the most significant factor is economic environment followed by technological factor.
CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter provides the summary of the findings from chapter four, and it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate on the factors to consider when going global, a case Study of KCB.

5.2 Summary of the Findings

5.2.1 Social Environment

The study found out that the respondents strongly agreed that local culture of host country promoted effective business environment as indicated by a mean of 3.4 while the respondents agreed that a good foreign relationship with host country was a determinant when considering global as indicated by a mean of 2.9.

5.2.2 Economic Environment

The study further found out that the respondents agreed that monetary policies determined KCB going global as indicated by a mean of 3.8. The respondents strongly agreed that the interest rate in the host country was a factor when going global as indicated by a mean of 3.6. The respondents strongly agreed that inflation rate of host country determined KCB global going and that tax rate by host country was a consideration as indicated by a mean of 3.5 respectively, finally the respondents agreed that exchange rate in the host was a consideration by KCB as indicated by a mean of 3.4.
5.2.3 Technological factor

Moreover, the study found out that the respondents agreed that employees can be scattered geographically but still work as team members even if distance apart and that manual work procedures had been replaced with automated work procedures, work flows and process as indicated by a mean of 4.0 respectively, the respondents strongly agreed that KCB had been able to respond to changes in the market place as indicated by a mean of 3.6, the respondents strongly agreed that information technology had made KCB reduce the number of employees and levels in the organization as indicated by a mean of 3.5, finally, the respondents agreed that managerial functions had been computerized to a very high level as indicated by a mean of 3.3.

5.2.4 Legal Factor

Additionally, the study found out that the respondents strongly agreed that laws of hiring and promotion were considered as indicated by a mean of 3.5; finally, the respondents agreed that tax laws of host country hindered KCB going global.

5.2.5 Globalization

Finally, the study found out that the respondents strongly agreed that there were financial benefits by KCB going global as indicated by a mean of 3.5, the respondents agreed that there were non-financial benefits by KCB going global as indicated by a mean of 3.4.

5.3 Conclusions

The study concludes that local culture of host country promoted effective business environment and that a good foreign relationship with host country was a determinant when considering global.
The study further concludes that monetary policies determined KCB going global and that interest rate in the host country was a factor when going global.

Additionally, the study concludes that employees can be scattered geographically but still work as team members even if distance apart and that manual work procedures had been replaced with automated work procedures, work flows and process.

Finally, the study concludes that laws of hiring and promotion were considered and that tax laws of host country hindered KCB going global.

5.4 Recommendations

The study recommends that firms should review legal and other regulatory instruments so as to enact legislation supporting globalization especially for promoting the use of ICT to build up their competitiveness by providing appropriate incentives.

The study further recommends that firms should set in conducive social and economic environment to encourage globalization by adopting an appropriate framework.

Finally, the study recommends that new institutional mechanisms and policy measures should be implemented to develop ICT’s capabilities and to harness its power to accelerate the globalization process.

5.5 Recommendations for Further Studies

This study has investigated the factors to consider when going global at KCB. To this end therefore a further study should be carried out to the challenges faced by firms when going global.

Moreover a study should also be carried out in other financial firms to find out if the same results will be obtained.
REFERENCES


MacEwan, A. (1990) *what's New about the 'New International Economy'*, University of Massachussets, Boston


Toyo, E. (2000) *Background to globalization*: A Mimeograph, published by the Academic Staff Union of Universities (ASUU)
APPENDIX 1: INTRODUCTION LETTER

My name is Kennedy Otwori; a student at Kenyatta University, pursuing a Degree of Masters of Business Administration, MBA. As a part of my degree completion, am required to conduct a research analysis of factors to consider when going globally (a case of Kenya Commercial Bank).

I will appreciate any help in the filling of the questionnaire. The response obtained is strictly for research work only and the motive of the research is not inclined to denying the respondent his/her right of confidentiality. Any response provided is highly appreciated.

Thank You.
APPENDIX 2: A SURVEY QUESTIONNAIRE

SECTION A

Respondents' Bio Data

Please tick [□] the answer applicable to you

1. What is your gender?
   Male [ ] Female [ ]

2. Which age bracket is applicable to you?
   Below 25 years ( )
   25-35 years ( )
   36-45 years ( )
   46-55 years ( )
   Over 55 years ( )

3. What is your highest level of academic qualification?
   Primary [ ] Secondary [ ]
   Middle college [ ] University [ ]
   None [ ]
4. For how long have you worked in the bank?

1 year and below ( )

1-10 years ( )

11-20 years ( )

21-30 years ( )

Over 30 years ( )

SECTION B: Effect of social environment on KCB when considering going global:

In this section you are requested to tick [□] against the number in the scale with regard to the statement provided. Each rating is a judgment regarding how well the company is dealing with external factor:

Strongly disagree 1

Disagree 2

Indifferent 3

Agree 4

Strongly agree 5

1. To what extent do you agree with the following statements concerning effect of social factor when considering going global
<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local culture of host country promote effective business environment</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A good foreign relationship with host country is a determinant when</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>considering going global.</td>
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</tr>
</tbody>
</table>

SECTION C Effect of Economic environment on KCB when considering going global: In this section you are requested to tick [□] against the number in the scale with regard to the statements provided. Please [□] tick ounce. Each rating is a judgment regarding how well the company is dealing with external factor:

- Strongly disagree 1
- Disagree 2
- Indifferent 3
Agree 4

Strongly agree 5

2. To what extent do you agree with the following statements concerning economic environment when considering going global.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate in the host country is a factor when going global</td>
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<td></td>
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</tr>
<tr>
<td>Exchange rate in the host country is a consideration by KCB.</td>
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<td></td>
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<tr>
<td>Inflation rate of host country determines KCB going global.</td>
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<tr>
<td>Tax rate by host country is a consideration</td>
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</tr>
<tr>
<td>Monetary policies determine KCB going global</td>
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</tbody>
</table>

SECTION C: Effect of Technological factor on KCB when considering going global:

In this section you are requested to tick [□] against the number in the scale with regard to the statements provided. *Please tick [□] ounce*. The options are:

Strongly disagree 1

Disagree 2

Indifferent 3
5. To what extent do you agree with the following statements concerning the effect of technological factor by KCB when going global?

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information technology has made KCB reduce the number of employees and levels in the organization</td>
<td></td>
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<tr>
<td>Employees can be scattered geographically but still work as team members even if distance apart</td>
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</tr>
<tr>
<td>Manual work procedures have been replaced with automated work procedures, work flows and process</td>
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<tr>
<td>KCB has been able to respond to changes in the market place</td>
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<tr>
<td>Managerial functions have been computerized to a very high level</td>
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</tbody>
</table>

**SECTION E: Effect of Legal factor on KCB when considering going global:**

In this section you are requested to tick [□] against the number in the scale with regard to the statement provided. *Please tick [□] ounce.* Each rating is a judgment regarding how well the company is dealing with external factor:

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>1</td>
</tr>
<tr>
<td>Below</td>
<td>2</td>
</tr>
</tbody>
</table>
6. To what extent do you agree with the following statements concerning legal factor on KCB when considering going global

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax laws of host country hinders KCB going global</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laws of hiring and promotion is considered</td>
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</tbody>
</table>

**SECTION F: Globalization in the banking sector**

In this section you are requested to tick [□] against the number in the scale with regard to the statement provided. *Please tick [□] once.* The options are:

- Strongly disagree 1
- Disagree 2
- Indifferent 3
- Agree 4
- Strongly agree 5
7. To what extent do you agree with the following statements concerning globalization of the banking sector

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are financial benefits by KCB going global</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>There are non-financial benefits by KCB going global</td>
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</tbody>
</table>

Thank you for your responses.