EFFECTS OF INTERNATIONAL MARKET DEVELOPMENT ON ORGANIZATION PERFORMANCE AT IWAYAFRICA LIMITED

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ABSTRACT

International market development strategy is one way to ensure that products and services that are made find their intended clients. At iWayAfrica their performance has suffered calling for the need of strategies in market development. The study's main objective is to establish the effects of international market development on organization performance at iWayAfrica Limited. Specifically, the study examined how strategic alliances, subsidiaries operations, quality management system and pricing affect performance at iWayAfrica Limited. The study was anchored on the internationalization theory, transaction theory, theory of comparative ownership advantage and the theory of competitive advantage. This study adopted descriptive research design in carrying out the survey. This study covered iWayAfrica East African Offices which are headquartered in Kenya. The respondents include all employees at iWayAfrica Limited because of their involvement in the implementation of international market development. The study targeted population was 87 employees at iWayAfrica Limited and a census was used covering all the 87 employees. The study used questionnaire as the research instrument in collecting primary data. The data collected from the field was analyzed using descriptive statistics where means, frequencies and percentages were obtained and multivariate regression was done. The study findings were presented in tables and charts. The findings of the study indicated that subsidiary operations had significant effect on organizational performance where p=0.000<0.05. Pricing had significant effect on organizational performance with p value 0.002<0.05. However, strategic alliances (p=0.166) and quality management (p=0.051) all had insignificant effect on organizational performance. The study concludes that alliances are agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources. Strategies should influence the evaluation of the degree of success of a foreign subsidiary. Joining TQM and marketing would require changes in the way that marketing is thought of and organized. Price was one of the 5P's - Product, Positioning, Place, Promotion and Price in the marketing mix. The study recommends that as firms form strategic alliances they should always ensure that the alliances remain effective. There is need by the parent company to allow the subsidiary freedom to localize some of the strategic performance options. Management commitment to quality need to convey the attitude, idea and actions that total quality management implementation to receive a higher priority in the organization. The management of firms should clearly understand that pricing plays significant role in enhancing organizational performance and therefore proper care should be exercised when dealing with pricing decisions.

Key Words: *international market development, organization performance, iWayAfrica Limited*

INTRODUCTION

Firms pursue internationalization market expansion for a variety of reasons which could be strategic in nature or reactive. The world has become a global village following increased levels of globalization and internationalization of firms. This has necessitated the need for firms to expand their markets globally so as to remain competitive. Research on international marketing channels accentuates the importance of relational norms and trust-building activities between multinational corporations and their strategic partners around the globe. Several inter-organizational formations emerge when organizations search for new efficiencies and competitive advantages in international business while avoiding both market uncertainties and hierarchical rigidities. As organizations expand beyond their country of formation, they face new challenges that need to be well managed if they are to realize their global expansion objectives (Doole & Lowe, 2008).

International marketing involves operating across a number of foreign country markets in which not only do the uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising and distributive infrastructure are also likely to differ significantly (Cravens & Piercy, 2006). Some of the well documented benefits of international expansion of firms include: searching opportunities for growth through market diversification; seeking higher margins and profits; seeking new ideas about products, services, and business methods; to better serve key customers that have relocated to other countries; be closer to supply sources, benefit from global sourcing advantages, or gain flexibility in the sourcing of products; gain access to lower-cost or better-value factors of production; develop economies of scale in sourcing, production, marketing, research and development; and be able to confront international competitors more effectively or thwart the growth of competition in the home market; and the desire to invest in a potentially rewarding relationship with a foreign partner. According to Khanna, Palepu and Sinha (2010), companies implement internationalization market development strategies to enhance competitive advantage and to seek growth and profit opportunities.

At its simplest level, international marketing involves the firm in making one or more marketing mix decisions across one or more national boundaries. It involves the firm establishing manufacturing or processing facilities around the world and coordinating marketing strategies across the globe (Doole & Lowe, 2008). At one extreme there are firms that opt for 'international marketing' simply by signing a distribution agreement with a foreign agent who then takes on the responsibility for pricing, promotion, distribution and market development within that country but other firms have manufacturing facilities which do the marketing individually. For instance, Coca-Cola Company makes its soft drinks in every country which is involved with selling their products individually.

According to Kotler and Armstrong (2010) who posit that the Internet and the access gained to the World Wide Web (www) has revolutionized international marketing practices. For instance, in today's world booking for an airline is by a click of a button, so is purchasing of almost all products in the market. Firms ranging from a few employees to large multinationals have realized the potential of marketing globally online and so have developed the facility to buy and sell their products and services online to the world. An estimated 17% of the global populations have access to the Internet. The Internet has meant huge opportunities for small and medium-sized enterprises (SMEs) and rapid globalization for many as it has enabled the reduce the costs of reaching international customers, reduce global advertising costs and made it much easier for small niche products to find a critical mass of customers. The Internet it has permitted firms with low capital resources to become global marketers (Cravens & Piercy, 2006).

Developing a globally recognizable brand provides a company with new opportunities to more easily enter new or emerging markets and build customer loyalty as well as grow their brand. Loyalty is created as the consumers are naturally drawn to and eventually trust brands that they recognize and are more inclined to purchase from those brands (Cavusgil, Knight, Riesenberger, Rammal & Rose, 2014).

A common strategy adopted by many companies in developing towards an international marketing presence is to expand into an adjacent market. For example, a U.S. company would expand into Canada since it is her neighbor and a Kenyan company would expend to Uganda since the adjacent countries are generally more familiar to the domestic business, closer and better known with respect to market demand, language, economies, laws, culture and market infrastructure (Cavusgil et al, 2014). Once established in the adjacent countries, the company they enter other country markets within the region, started with the closest region i.e. for Kenya it will be the East African region and further expand to other regions eventually having a global presence by building a global brand and a global marketing management system (Cravens & Piercy, 2006).

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals that are normally set in its annual strategic goals. It basically means the attainment of ultimate objectives of the organization as set out in the strategic plan (Turner, 2014). Attaining these goals and objectives is depended on factors such as availability of resources that the staff and systems will manipulate to make finished goods and services for the market and the end user; the second factor to be considered is the quality of people that an organization attracts, employees and retains; and how well they are able to use the resources at their disposal for the achievement of a given set organizational goals. Cummings and Worley (2014) define performance as the achievement of organisational goals in pursuit of business strategies that lead to sustainable competitive advantage. Although widely used in empirical and theoretical research, the notion of organisational performance remains largely unexplained and recourse is taken to commonly used operationalization of performance. There is relatively little agreement about which definitions are "best" and which criteria are to judge definitions (Turner, 2014).

Camp (2013) pointed out that performance refers to the quality and quantity of individual or group work achievement. A number of indicators have been adapted to measure organization performance (OP) since mid-1900, such as profit growth rate, net or total assets growth rate, return on sales, shareholder return, growth in market share, number of new products, return on net assets. In 1990, performance measurement incorporated other new elements, such as return on net assets and return on capital employed. Furthermore, Steer (1975) generalized the measurement of organization performance into three dimensions: organization effectiveness, financial performance and business performance.

Melchar and Bosco (2010) propose that business operational measures include variables that represent how the organization is performing on non-financial issues. These measures include the Balanced Scorecard (BSC), which as a measuring clarifies the vision and strategies and translate them into action and help in providing feedback on both internal business processes and on external achievements in order to continuously improve strategic performance and business results. Other models include the Deming model and Baldrige model (Camp, 2013).

STATEMENT OF THE PROBLEM

iWayAfrica works under schedules and deadlines to ensure efficiency and effectiveness of work delivery (iWayAfrica, 2016). The Company trains its staff on time management, good communication skills, stress management, attendance management and many other aspects that may lead to high organization performance. Statistics on the performance of the company shows that despite the entry into new market territories within Africa, the performance of the company has remained constant (iWayAfrica, 2016). The local market for the company has been diminishing with time in Kenya compared to other markets in Kenya following increased competition. This is in relation to reduction in sales performance targets by USD 38,976 in the year 2013, USD 34,872 in the year 2014, USD (80,844) in the year 2015 and USD (146,449) in the year 2016. If this trend continues, the profitability of the company will be lower hence bring out difficult financial and cash flow challenges. Several studies have examined the challenges facing internet service providers. For instance, Sabala (2014) examined strategic planning by internet service providers in the telecommunication industry in Kenya. The findings indicate that strategic planning in internet service providers (ISPs) focus on increasing their market share, providing an enhanced distribution infrastructure, participating actively in internet provision activities, provision of the national strategic reserve and developing organizational, operational excellence, and developing long term financing for the strategic goals in order to realize effective strategic planning and hence better performance. Obare (2012) concludes that product pricing, customer service; parent shareholding, network coverage, and service uptime do not have a significant effect on firm performance. These studies have examined other ISPs providers and not iWayAfrica which is the context of the current study.

GENERAL OBJECTIVE

The main objective of the study was to establish the effects of international market development on organization performance at iWayAfrica Limited.

SPECIFIC OBJECTIVES

1. To establish the effects of strategic alliances on performance at iWayAfrica Limited
2. To determine the effects of subsidiaries operations on performance at iWayAfrica Limited
3. To establish the effects of quality management system on performance at iWayAfrica Limited
4. To establish the effects of pricing on performance at iWayAfrica Limited

THEORETICAL REVIEW

A theoretical review guides research, determining what variables to measure and what statistical relationships to look for in the context of the problems under study (Trochim, 2006). The theoretical review helps the researcher to see clearly the variables of the study; provides a general framework for data analysis; and helps in the selection of applicable research design (Dean, Lam, Natoli, Butler, Aguilar & Nordyke, 2009). A theoretical also called theoretical framework is a composition of the concepts and their definitions in respect to relevant existing scholarly literature. The theoretical framework helps in demonstrating clear comprehension of theories and concepts that are relevant to the topic of the researcher's work and that relate to the broader areas of knowledge being considered (Sharifian, 2011). The study was informed by the Internalization Theory, Transaction Cost Theory, The Theory of Comparative Ownership Advantage and the Theory of Comparative Advantage.

Internalization Theory

The internalization theory of multinational firms proposes that direct international investment occurs when a firm has information-related intangible assets with public good properties. Firms with characteristics suggesting the presence of information-based assets experience a significantly positive stock price reaction upon announcing a foreign acquisition while firms apparently lacking such assets experience at best zero abnormal returns upon announcing overseas acquisitions (Morck & Yeung, 1992).

Buckley & Casson (1976) initiated the internalization approach in order to expound the growth of American MNCs after World War II. They suggested that MNCs internalize their resources to distribute them between different product categories and target markets. The internalization theory focuses on the relative costs and benefits of collaboration concerning the type of knowledge that partners exchange (Chen & Mujtaba, 2007). If firms consider any transaction as a risk that causes significant resource commitment, they will internalize it (Freeman, Cray &

Sandwell, 2007). In fact, MNCs internalize their foreign markets for transitional products such as firm-specific knowledge, if internalization is less costly than exporting or contractual modes of entry (Kumar & Subramaniam, 1997). Other factors that influence the internalization decision of firms include the access to capital markets and the assimilation of assets under acquisition (Chen and Hennart, 2002).

Based on the internalization theory, markets are naturally imperfect. In host markets, MNCs avoid market imperfections through internalizing their operations regarding tacit knowledge, raw materials, intermediate products and perishable goods. Internalization may reduce economies of scale and result in facing host government restrictions or difficulty in cross-border communication (Fisch, 2008). When transaction costs in the markets for the intermediate inputs of technology and knowledge are high, hierarchical integration will be more efficient. MNCs are formed when markets are internalized across national borders (Slangen & Hennart, 2007).

Transaction Cost Theory

The transaction cost (TC) theory or transaction cost analysis (TCA) model was introduced by Anderson & Gatignon (1986). They tried to explain why a firm decides to establish a production line or service system in a foreign market rather than licensing its operation technology or signing contracts with local firms (Ekeledo & Sivakumar, 2004). They applied the theory of a firm's nature and the theory of market and hierarchies to the entry mode choice of the U.S. firms (Sharma & Erramilli, 2004). The TC model is a further extension of the internalization.

The unit of analysis is the transaction cost (Cumberland, 2006; Seggie, 2012). Forming contracts depends on the costs related to market transactions. Such transaction costs include the costs related to negotiating for making a contract, monitoring the performance of business partners and implementing a contract (Malhotra, Agarwal & Ulgado, 2003). Firms may bear other transaction costs to detect and stop the opportunistic behaviour of their business partners but such costs are not fully considered by the TC theory (Baek, Kim & Yu, 2010). Firms compare transaction costs with the costs of integrating activities within the firm resulting in the internalization of foreign operations. Based on this comparison, they can choose a suitable governance structure (Brouthers, 2002). Such a structure can be market governance in which transactions occur in an open market, or hierarchy governance in which transactions take place within a firm's boundaries, or a hybrid form of both (Seggie, 2012).

Theory of Comparative Ownership Advantage

The theory of comparative advantage in international trade suggests that relative to the structural differences of factor endowments bring about a late-development advantage (Lin, 2003). At the firm level, MNCs can leverage this advantage that ultimately becomes the comparative ownership advantage in resources and capacities. As a form of difference of market structure in international trade theory (Nocke & Yeaple, 2008), the difference of factor endowments can be translated into a difference of capability structure at the ownership level—the core concept of firm heterogeneity in the resource-based view. Under the same assumption of firm heterogeneity, Neary (2007) uses a general equilibrium model to show that international differences in technology generate incentives for cross-border in which low-cost firms from one country are motivated to take over high-cost firms from another country.

Theory of Comparative Advantage

The theory of comparative advantage was developed by Ricardo (1817) who argued that countries need to specialize in the production of those goods it produces most efficiently and buy those goods it produces less efficiently from other countries even if it means buying goods it could produce itself (Hill and Jain, 2005). The theory was a direct response to the theory of absolute advantage developed by smith (1776) arguing that countries need to specialize in production of good they have comparative advantage even when they have absolute advantage in the production of more than one product (Bernnet 1999).

The theory argued that trade is a positive sum game in which all countries that participate realize economic gains. The theory argues that comparative advantage arises from differences in productivity especially in labor productivity. The theory encourages free trade and therefore a major contribution to the growth of exporting and international trade in general (Kieya, 2014). The theory therefore has contributed to the development of international trade and export marketing. However, just like the theory of absolute advantage, this theory looks at international business operations from national point of view, though the actual players are the individual firms.

According to the theory comparative advantage of a country arises from relative factor endowment, and predicts that countries will export those goods that make intensive use of factors that are locally abundant, while importing goods that make use of factors that are locally scarce. This proposed that even if a country held absolute advantage in production of goods, specialization and therefore trade is still possible. It provides that a country should specialize in producing goods that it has relatively low production costs, export that good and use the proceeds to import the good that it has a higher production costs (Hill, 2011). This theory will therefore help in determining how Kenya can gain comparative advantage over countries through its exports though it faces challenges of credit constraints.

EMPIRICAL LITERATURE

Strategic Alliances

Wisnieski (2001) observed that the resource dependency literature suggests that alliances often represent one of three forms. The first alliance is a horizontal alliance between organizations that compete for the same resources, such as customers or suppliers and usually represent exchanges in one direction. The organizations exchange or pool their resources toward some goal, such as research consortia or trade unions. The second is a vertical alliance which is an alliance between a firm and those organizations supplying inputs or using its outputs, such as suppliers, buyers, financial institutions, or the labor pool. Vertical alliances also usually represent exchanges in one direction. The third type of alliance is reciprocal, where firms exchange both inputs and outputs and the exchanges flow in both directions. In reciprocal alliances, firms exchange ideas, people and equipment, share lab space and pass designs back and forth.

In an increasing number of businesses, alliances between firms are transforming the nature of competition and strategy. Scot and Davis (2007) viewed alliances as agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources. It may be a formal structure or a loose arrangement of companies accustomed to working together. Wheelen and Hunger (2011) suggested a number of possible reasons for alliance formation cost savings, market penetration and retention, financial injection, infrastructure constraints, circumventing institutional constraints and market stability. Lew and Sinkovics (2013) suggested a model of integrating the effects from various proposed antecedents on market based performance, productivity and financial performance. They classified performance in terms of economic results into three broad categories: market-based performance (measured by variables like sales volume and market share), productivity performance, (like sales per square meter floor area, sales per labor hour), and financial performance, which captures revenues, costs, profits, and profitability.

Subsidiaries Operations

International subsidiary performance is considered a control tool, both for academics and practitioners, used to evaluate the outputs of a foreign affiliate in a certain period of time (Schmid & Kretschmer, 2009). Besides being a method of assessing the degree of success of firms in their internationalization process, this type of control tool also determines future subsidiary resource allocation. Since the measurement of subsidiary performance is so relevant to the firm, understanding its degree is thus important. Different measures can be employed in the assessment of performance (i.e., profit growth, increase in market share, and satisfaction) with the final objective of understanding the degree of the firm's success in achieving its strategic goals of internationalization. Unidimensional measures shed very little light on the antecedents of performance (Hult, Ketchen, Griffith, Chabowski, 2008). A key problem with narrow measures is that they may not be representative of firm performance, especially if objective function of the firm is broad (Pangarkar, 2008).

Managers at the corporate headquarters (HQ) generally have a strategy for each of their foreign subsidiaries. Objectives have been set, possible long and short-term paths have been determined. These strategies should influence the evaluation of the degree of success of a foreign subsidiary. Pangarkar (2008) argues that there is often a weak connection between the subsidiary's strategy and the performance measure used. Thus, each subsidiary's strategy will serve as a guide to which measures should be selected and how much weight each measure should be given. This strategy highlights the attempt to increase sales or profits by starting a new subsidiary overseas. This strategy resembles the harvest strategy developed by O'clock and Devine (2003). The management of the parent firm is interested in short-term absolute gains; therefore, they would assess the degree of success of the subsidiary with a greater emphasis on the financial dimension. When the subsidiary's strategy is to study the market, it will focus less on revenues, and more on prospecting the market's characteristics for the parent firm (i.e., laws, politics, and market competition).

Quality Management System

Quality management is a critical component in the successful management of projects. ISO 9000 certification is the most successful quality management system for many companies. However, Sroufe and Curkovic (2008) emphasized the difficulties of the certification process. These include an increase in paperwork, an improper documentation system and poor communication among personnel. Soft computing and Internet technology is believed to be a good solution (Mostaghel and Albadvi, 2009). A performance measurement system can be defined as a set of metrics used to quantify both the efficiency and effectiveness of actions (Neely, Gregory and Platts, (2005). Performance measurement methods are attractive to researchers, as stated by ISO 9001:2008 clearly specifies performance measurement as part of its requirement no. 8. Performance measurement helps to bring more scientific analysis into a decision-making process. It underlines the change towards management by information and knowledge, instead of primarily relying on experiences and judgment (Phusavat, Anussornnitisarn, & Helo, 2009).

The areas responsible for quality control are marketing, design, procurement, process design, production, inspection and test, packaging and storage and product service (Besterfield 2004). Marketing has been in existence longer as a management discipline, and its recent history has been one of questioning, redefining and developing the marketing concept and the techniques of implementing new approaches to marketing. The shift of focus from quantity to quality in production represented by total quality management (TQM) has seen the development of a range of techniques to implement total quality strategies. From the process approach (principle in ISO 9001:2000), there is great potential to use it in operational zing marketing. Working toward a process that will bring TQM and marketing together to deliver a customer focus will require changes in the way that marketing is thought of and organized.

Pricing

Marketing theory states clearly that price is one of the 5 P's (Product, Positioning, Place, Promotion and Price) that contributes to the marketing mix in order to get potential customers' attention, motivate them, and get them to buy products or services. The marketing strategy helps to define, promote and distribute product, and maintain a relationship with customers. Pricing, as part of the marketing mix, is essential and has been always one of the most difficult decisions in marketing because of heightened competition, counter-trade requirements, regional trading blocs, emergency of intra-market segments, and volatile exchange rates (Sousa & Bradley, 2008).

Consumers have different perception of the products depending on the price. Therefore, pricing products for consumers is a difficult task, mainly because a high price may cause negative feelings about products, and also a low price can be misleading on other products features such as quality. Setting prices for international markets is not an easy task. Decisions with regards to product, price, and distribution for international markets are unique to each country (Cavusgil, Knight, Riesenberger, Rammal, & Rose, 2014) and differ from those in the domestic market (Giri & Sharma, 2014). Furthermore, other factors such as: the rate of return, market stabilization, demand and competition-led pricing, market penetration, early cash recovery, prevention of competitive entry, company and product factors, market and environmental factors, as well as economic, political, social and cultural factors, have to be considered in the decision making process.

RESEARCH METHODOLOGY

Research Design

The study adopted a descriptive research design. According to, Creswell (2012), a descriptive study is concerned with finding out what, where and how of a phenomenon. Descriptive research design is chosen because it can enable the researcher to generalise the findings to a larger population. Surveys allow the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data which can be analyzed quantitatively using descriptive and inferential statistics. The descriptive survey was deemed the best strategy to fulfill the objectives of this study (Creswell 2012). Descriptive research design was adopted because it helped the researcher to describe how international market development affected organization performance at iWayfrica Limited. A descriptive research design was appropriate for the study since it enabled the researcher to summarize and organize data in an effective and meaningful way for easy interpretation. This design was therefore appropriate for the current study.

Target Population

Target population is the specific population about which information is desired. The target population of this study comprised of senior management staff and staff in sales and marketing departments of the company. The target population of this study was 87 employees at iWayAfrica Limited as at December 2015. These individuals were selected because of their key role in strategic marketing development which mainly touches on their day to day work (Mugenda, 2008).

Sample Design and Sampling Technique

A sample is a sub-set or part of the target population; sampling is a process of selecting subjects or cases to be included in the study of the representative of the target population (Mugenda, 2008). However, for this study, all the target population members included in the study because the target population was not large and could be easily accessed from the Nairobi office. Therefore, there was no sampling instead a census study was conducted.

Data Collection Instruments

Data collection tools are the instruments which are used to collect the necessary information needed to serve or prove some facts (Mugenda, and Mugenda, 2008). The study collected primary data. Primary data was collected using a questionnaire. The questionnaire was designed comprising two sections. The first part was designed to determine fundamental issues including the demographic characteristics of the respondent, while the second part consisted of questions where the four variables were focused in line with the objectives of the study. The structured questions were used in an effort to conserve time and to facilitate easier analysis as they are in immediate usable form; while the unstructured questions to encourage the respondent to give an in-depth and felt response without feeling held back in revealing of any information (Mugenda, 2008). Secondary data was collected from the records at iWayAfrica Limited using a structured data collection sheet. The sheet collected data on organizational performance concentrating on growth in profits and growth in sales volume (%) for a period of four years (2013-16)

Data Collection Procedure

According to Mugenda and Mugenda (2003), primary data consists of data collected directly by the researcher through data collection tools such as questionnaires, interviews, measurements, observation and brainstorming. This study collected quantitative data using a self-administered questionnaire through drop and pick later method where the researcher delivered the questionnaires in person at the respondents' places of work. The respondents were allowed one week before the trained research assistants would go back and collect the questionnaires for analysis. Secondary data was collected using the data collection sheet that covers four years 2013-16. Financial performance data was collected from the financial records and their books of accounts kept at the iWayAfrica Limited.

Data Analysis and Presentation

Apart from descriptive statistics of Mean, Frequency and percentages on the characteristics of the respondent regression analysis will be used to measure and predict the relationship between the independent variables and the dependent variable. To obtain these statistical outcomes, the study used Statistical Package for Social Science (SPSS). The findings are presented using tables and charts. The Likert scales were used to analyze the mean score and standard deviation. Percentages, tabulations, means and other measures of central tendencies will be used to present the data. Regression analysis is concerned with the study of the dependence of one variable, the dependent variable, on one or more other variables, the explanatory variables, with a view to estimating and/ or predicting the population mean. The multivariate regression equation is:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where: Y = Organizational Performance; X_1 = Strategic Alliances; X_2 = Subsidiaries Operations; X_3 = Quality Management system; X_4 = Pricing; ε = Error term/Erroneous variables; β_0 = the minimum change in Y when the rest of the variables are held at a constant zero; β = measure of the rate of change i.e. β_1 measures the rate of change in Y as a result of a unit change in $X_{1.}$

RESEARCH RESULTS

The purpose of the study was to the effects of international market development on organization performance at iWayfrica Limited. The study was guided four specific objectives: to establish the effects of strategic alliances on performance at iWayAfrica Limited, to determine the effects of subsidiaries operations on performance at iWayAfrica Limited, to establish the effects of quality management system on performance at iWayAfrica Limited and to establish the effects of pricing on performance at iWayAfrica Limited. A summary of the findings of the study is clearly presented in this section.

Strategic Alliances

The first objective of the study was to establish the effects of strategic alliances on performance at iWayAfrica Limited. The study established that strategic alliances comprised agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources. According to Scot and Davis (2007), alliances are agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources.

Various firms enter into agreement to form a strategic alliance so as to improve the synergies and improve their possibilities of satisfactorily meeting the changing customer tastes and preferences. The study further found out that in reciprocal alliances, firms exchanged ideas, people and equipment, shared lab space and passed designs back and forth. According to Jiang, Li, Gao, Bao and Jiang (2013), reciprocal alliances is where firms exchange both inputs and outputs and the exchanges flow in both directions. This ensures that the strategic alliance members work as a unit which improves the possibilities of learning from one another besides riding on the strengths of each other.

The reasons for alliance formation included cost savings, market penetration and retention, financial injection, infrastructure constraints, circumventing institutional constraints and market stability as indicated. Through strategic alliances, each member of the alliance brings in their specialization which improves efficiency hence the espoused reduction in costs. The strategic alliance also improved the number of customers reached and the ability of the company to meet the changing needs and preferences of customers in a more precise manner hence increased ability of market penetration. It also improved the chances of customer retention because of improved customer satisfaction levels. Strategic alliances also help circumvent institutional constraints by riding on the strengths of the alliance members. The findings concur with Jiang, Li, Gao, Bao and Jiang (2013) that organizations seeking higher productivity and performance must seek to exchange inputs and outputs so as to improve their performance yielding higher returns

Horizontal alliances are between organizations that compete for the same resources, such as customers or suppliers. Companies enter into horizontal alliances with the aim of standardizing their prices with those of substitute commodities so that they can remain competitive. The findings are in line with Wisnieski (2001) who observed horizontal alliance is between organizations that compete for the same resources, such as customers or suppliers and usually represent exchanges in one direction. The organizations exchange or pool their resources toward some goal, such as research consortia or trade unions.

The reciprocal alliance is where firms exchange both inputs and outputs and the exchanges flow in both directions. Jiang, Li, Gao, Bao and Jiang (2013) indicated that the third one is reciprocal alliances, where firms exchange both inputs and outputs and the exchanges flow in both directions. Alliances may be a formal structure or a loose arrangement of companies accustomed to working together. Majority of the respondents said strategic alliances affected organizational performance to a very great extent. This is largely because strategic alliances affect the competitiveness of firms in a given market and their ability to market their products among the existing and potential customers. From regression analysis, strategic alliances had insignificant effect on organizational performance.

Subsidiaries Operations

The second objective of the study was to determine the effects of subsidiaries operations on performance at iWayAfrica Limited. The findings of the study indicated that strategies should influence the evaluation of the degree of success of a foreign subsidiary. Alliances help foreign based subsidies in quickly acclimatizing with the local environmental setting hence improve the chances of revenue optimization and ability to break even faster. Moreover, subsidiaries operations assess the degree of success of firms in their internationalization process. Subsidiaries operations are also considered a control tool, both for academics and practitioners, using it to evaluate the outputs of a foreign affiliate in a certain period of time. The finding is in line with Schmid and Kretschmer (2009) who held that international subsidiary performance is considered a control tool, both for academics and practitioners, used to evaluate the outputs of a foreign affiliate in a certain period of time.

Furthermore, this type of control tool determined future subsidiary resource allocation. The management of the parent firm is interested in short-term absolute gains; a greater emphasis would be on the financial dimension. When the subsidiary's strategy is to study the market, it will focus more on prospecting the market's characteristics for the parent firm. Most of the respondents said that subsidiary operations affected organizational performance to a great extent. In view of regression analysis, the study established that subsidiaries operations had significant effect on organizational performance. The findings are in line with Nechita, Vîrlănuţă and Opriţ-Maftei (2013) who examined strategic measures to penetrate international markets: the Daimler (Mercedes-Benz) strategy and revealed that economic process evolution leads to significant changes in the structure of mechanisms that generate economy, and these in turn require economic reorganization of economic entities

Quality Management System

The third objective of the study was to establish the effects of quality management system on performance at iWayAfrica Limited. The study revealed that joining TQM and marketing would require changes in the way that marketing is thought of and organized. Quality management is a critical component in the successful management of projects. According to Sroufe and Curkovic (2008), quality management is a critical component in the successful management of projects. ISO 9000 certification is the most successful quality management system for many companies. Performance measurement helps to bring more scientific analysis into a decision-making process.

Marketing has been a management discipline, but recently it has become a marketing concept and techniques of implementing new approaches to marketing. Mbithi, Muturi, and Rambo (2015) examined the effect of market development strategy on performance in sugar industry in Kenya and revealed that extending to new regions and developing new market segments does not result to increased profitability but increased market share which would eventually positively affect profitability. Total quality management (TQM) represents a shift of focus from quantity to quality in production and has seen the development of a range of techniques to implement total quality strategies.

Performance measurement system is a set of metrics used to quantify both the efficiency and effectiveness of actions. The finding is in line with Melchar and Bosco (2010) who propose that business operational measures include variables that represent how the organization is performing on non-financial issues. Majority of the respondents indicated that quality management systems affected organizational performance to a great extent. With regard to regression analysis, the study established that quality management system had insignificant effect on organizational performance.

Pricing

The last objective of the study was to establish the effects of pricing on performance at iWayAfrica Limited. From the findings, price was one of the 5P's -Product, Positioning, Place, Promotion and Price in the marketing mix. According to Sousa and Bradley (2008), marketing theory states clearly that price is one of the 5 P's (Product, Positioning, Place, Promotion and Price) that contributes to the marketing mix in order to get potential customers' attention, motivate them, and get them to buy products or services. Consumers have different perception of the products depending on the price i.e. low prices is perceived as poor-quality product.

Making pricing decisions are hard because of heightened competition, counter-trade requirements, regional trading blocs, emergency of intra-market segments and volatile exchange rates. Marketing strategy helps to define, promote and distribute product, and maintain a relationship with customers. The finding is consistent with Ingenbleek, Frambach and Verhallen (2013) who noted that pricing in marketing involves the process of price setting and what factors to consider before setting the price of a product. The decisions with regards to product, price, and distribution for international markets are unique to each country. The findings of regression analysis indicated pricing as a significant factor affecting organizational performance with p value.

REGRESSION ANALYSIS

The study conducted regression analysis to establish the effects of international market development on organization performance at iWayfrica Limited. The study results are shown in the subsequent sections.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.671	.649	1.51549

From the findings in table 1, R was 0.819 meaning that there was a positive relationship between all the four independent variables. R2 was 0.671 implying that 67.1% of the variation in the dependent variable was explained by the independent variables while 32.9% of the variations were due to other factors. This implies that the regression model has very good explanatory and predictor grounds.

Table 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	272.219	4	68.055	29.631	.000[b]
Residual	133.210	58	2.297		
Total	405.429	62			

From the finding, the significance value is 0.000 which is less that 0.05 thus the model is statistically significant in predicting the independent variables influence on dependent variable. The F critical at 5% level of significance is 2.52. Since F calculated (value = 29.631) is greater than the F critical (2.52), this shows that the overall model was significant.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.953	1.571		.607	.546
Strategic Alliances	.069	.049	.173	1.402	.166
Subsidiary Operation	.193	.052	.451	3.697	.000
Quality Management System	.097	.049	.236	1.992	.051
Pricing	.157	.049	.247	3.227	.002

The established regression equation becomes;

$$\mathbf{Y = 0.953 + 0.069X_1 + 0.193X_2 + 0.097X_3 + 0.157X_3}$$

Where: Y= Organizational Performance; **ε** = Error Term; β = Coefficient factor; X_1 = Strategic Alliances, X_2 = Subsidiary Operation, X_3 = Quality Management System and X_4 = Pricing.

From the findings of the regression analysis if all factors (strategic alliances, subsidiary operation, quality management system and pricing) were held constant, organizational performance would be at 0.953. A unit increase in strategic alliances would lead to a unit increase in organizational performance by 0.069. A unit increase in subsidiary operation would lead to a unit increase in organizational performance by 0.193. A unit increase in quality management system would lead to a unit increase in organizational performance by 0.097. A unit increase in pricing would lead to a unit increase in organizational performance by 0.157.

In view of significance at 5% level of significance, the study revealed that subsidiary operations had significant effect on organizational performance where $p=0.000<0.05$. According to Pangarkar (2008), there is often a weak connection between the subsidiary's strategy and the performance measure used and therefore each subsidiary's strategy will serve as a guide to what measures should be selected and how much weight each measure should be given.

Pricing was another factor that had significant effect on organizational performance with p value $0.002<0.05$. Sousa and Bradley (2008) noted that pricing, as part of the marketing mix, is essential and has been always one of the most difficult decisions in marketing because of heightened competition, counter-trade requirements, regional trading blocs, emergency of intra-market segments, and volatile exchange rates.

CONCLUSIONS

Strategic Alliances

The study concludes that alliances are agreements between or among firms to pursue joint objectives through coordination of activities and sharing of resources. In reciprocal alliances, firms exchange ideas, people and equipment, share lab space and pass designs back and forth. The reasons for alliance formation include cost savings, market penetration and retention, financial injection, infrastructure constraints, circumventing institutional constraints and market stability as indicated. Horizontal alliances are between organizations that compete for the same resources, such as customers or suppliers. The reciprocal alliance is where firms exchange both inputs and outputs and the exchanges flow in both directions. Strategic alliances had insignificant effect on organizational performance. The finding contradicts with Pedersen (2007) who while seeking to establish the determining factors of subsidiary development notes that subsidiary development is an important phenomenon an it draws from and contributes to the growth of the host economy

Subsidiaries Operations

Strategies should influence the evaluation of the degree of success of a foreign subsidiary. Subsidiaries operations assess the degree of success of firms in their internationalization process. Subsidiaries operations are also considered a control tool, both for academics and practitioners, using it to evaluate the outputs of a foreign affiliate in a certain period of time. This type of control tool determined future subsidiary resource allocation. The management of the parent firm is interested in short-term absolute gains; a greater emphasis would be on the financial dimension. When the subsidiary’s strategy is to study the market, it will focus more on prospecting the market’s characteristics for the parent firm. Subsidiaries operations had significant effect on organizational performance. The findings are in line with Yamin and Andersson (2011) who held that as a control tool, subsidiary operations assess to what level an organization is successful in its operations.

Quality Management System

Joining TQM and marketing would require changes in the way that marketing is thought of and organized. Quality management is a critical component in the successful management of projects. Performance measurement helps to bring more scientific analysis into a decision-making process. Marketing has been a management discipline, but recently it has become a marketing concept and techniques of implementing new approaches to marketing. Total quality management (TQM) represents a shift of focus from quantity to quality in production and has seen the development of a range of techniques to implement total quality strategies. Performance measurement system is a set of metrics used to quantify both the efficiency and effectiveness of actions. Quality management system had insignificant effect on organizational performance. According to Besterfield (2004), from the process approach (principle in ISO 9001:2000), there is great potential to use quality management systems in operationalizing marketing.

Pricing

Price was one of the 5P's -Product, Positioning, Place, Promotion and Price in the marketing mix. Consumers have different perception of the products depending on the price i.e. low prices is perceived as poor-quality product. Making pricing decisions are hard because of heightened competition, counter-trade requirements, regional trading blocs, emergency of intra-market segments and volatile exchange rates. Marketing strategy helps to define, promote and distribute product, and maintain a relationship with customers. The decisions with regards to product, price, and distribution for international markets are unique to each country. Pricing was significant factor affecting organizational performance. The finding contradicts with Obare (2012) who concluded that product pricing, customer service; parent shareholding, network coverage, and service uptime do not have a significant effect on firm performance.

RECOMMENDATIONS

Strategic Alliances

The study recommends that as firms form strategic alliances they should always ensure that the alliances remain effective. This will be possible if the firms ensure that the alliances last for the stipulated time until both firms achieve the objectives. The firms should also ensure that they meet the goals for forming the alliance.

Subsidiaries Operations

The study recommends that there is a need by the parent company to allow the subsidiary freedom to localize some of the strategic performance options, so as to enhance its performance especially in areas which may be doing well locally but internationally stagnating.

Quality Management System

There is need for the management to implement organizational culture change in the company so as to enhance the implementation of total quality management so as to enhance the organization's strategy of continuous improvement, open communication and cooperation throughout the organization. Management commitment to quality need to convey the attitude, idea and actions that total quality management implementation to receive a higher priority in the organization.

Pricing

The top management team of iWayAfrica Limited and all firms generally operating in Kenya should make relevant pricing decisions based on competitive pressure in the market and macroeconomic indicators like exchange rates and inflation. The management of firms should clearly understand that pricing plays significant role in enhancing organizational performance and therefore proper care should be exercised when dealing with pricing decisions.

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