FACTORS INFLUENCING GLOBALIZATION OF SMALL AND MEDIUM ENTERPRISES IN KENYA: A CASE OF SELECTED SME’S IN NAIROBI

BY

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UNITED STATES INTERNATIONAL UNIVERSITY

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BY

DAVID OBONYO

A Research Report Submitted to the School of Business in partial fulfillment of the requirement for the Degree of Master of Science in Organizational Development

UNITED STATES INTERNATIONAL UNIVERSITY

SUMMER 2018
DECLARATION
I, the undersigned, declare that this is my original work and has not been submitted for academic credit to any other college, institution or university other than the United States International University in Nairobi.

Signed: __________________________ Date: ________________

David Obonyo (ID 652852)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________ Date: ________________

Dr. Damary Sikalieh

Signed: __________________________ Date: ________________

Dean, Chandaria School of Business
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ABSTRACT

The main purpose of this study was to establish factors affecting the globalization of small and medium enterprises in Nairobi, in the information technology (IT) trade industry. The study was guided by three objectives which include: to establish the influence of technology, financial resources and legal and regulatory framework on globalization of SMEs in the IT trade industry. This study used a descriptive research design in order to provide a description of the globalization in SMEs in the IT trade industry and how it is influenced by technology, financial resources and legal regulatory framework. The study population comprised of 103 SMEs operating in Nairobi in the IT trade industry. The SMEs managers were involved directly in responding to the study questionnaire. Stratified random sampling technique was used to select samples for the study; strata were constructed in regard to the zoning of market regions in Nairobi; this included, Nairobi CBD, Ngara and Muthurwa markets. The strata were allocated samples proportional to their population size and random sampling was used to select the study sample. A sample size of 60% of the total population (62 SMEs) was used in the study. Data was collected through structured questionnaire, and the analysis was done through descriptive and inferential statistics. Descriptive statistics included mean score and standard deviation, to measure the score of individual items on the Likert scale while inferential statistics included correlation and regression analysis to measure the relationship between the study variables. Data was presented in figures and tables.

Findings on the background information show that the majority of the respondents were male; most of them were 22-35 years old. In addition, results show that most of the respondents, (67%) had had a bachelors’ degree. In addition, findings show that most of the businesses, (67%) had been running for 1-5 years. 81% of the businesses, were found to be solely owned. The majority of the SMEs, (67%) were operating regionally. Results also show that 67% of the SMEs, that had globalized did not consider globalization in their strategic plan and 33% of them had plans for globalization. Further, the findings show that SMEs had embraced globalization practices, and were involved in the movement of goods, capital, services and information across borders. They were also participating in the emerging market economies. Moreover, the findings show that the three factors; technology financial resources and legal and regulatory framework had positive significant correlation with globalization of SMEs, with $r= 0.621, p<0.000$, $r= 0.821, p<0.001$ and $r= 0.677,$
p<0.000 respectively. The three independent variable accounted for 55.5% of globalization in SMEs among IT based SMEs.

This study concluded that three factors of technology-financial resources and legal and regulatory framework-significantly influence the globalization of SMEs. Technology connects SMEs to the foreign markets through efficient communication. Financial resources enable SMEs to establish overseas offices and carry out recruitment for their foreign ventures. The legal and regulatory framework removes barriers and creates a conducive environment for business transactions which encourage globalization in SMEs.

This study recommends that SMEs should embrace technology in their strategy for globalization. The government should invest to develop its technology infrastructure to expose SMEs to advanced technology. In addition, financial institution and government financial system should offer credit to SMEs to fund their globalization. In an effort to promote globalization in SMEs governments should establish friendly regulations. States should also relax some of the size based biased regulations on SMEs. Regulations should also be establish, to protect SMEs from being exploited in the international markets by multinational companies and other players.
ACKNOWLEDGEMENTS
I would like to thank the Lord Almighty for the opportunity to undertake my studies. I would also like to express my great appreciation to my supervisor, Dr. Damary Sikalieh, for her guidance and support in providing counsel whenever needed throughout my work.
DEDICATION
I dedicate the research paper to my entire family and friends for the support they granted me throughout the research work
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ABREVIATION AND ACCRONYM

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<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises.</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>ICT</td>
<td>Information, Communication and Technology.</td>
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<td>AFDB</td>
<td>African Development Bank.</td>
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<td>B2C</td>
<td>business-to-consumer.</td>
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<td>ASCAs</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Globalization is the integration of states and people in the world, it has been influenced by the massive reduction in transport and communication costs and further, by the removal of artificial barriers to movement of resources, goods and services, knowledge and people across state borders (Stiglitz, 2002; as quoted in Straw, & Glennie, 2012). According to Oyedele, Kareem, and Akanbi, (2016) globalization is a concept that denotes the integration of world economies and their interdependence. It is characterized by a rapid boom in cross-border movement of goods, services, technology, financial and human resources, enabled by economic liberalization and information technology. Lidija, and Marjan, (2016) note that globalization is characterized by a single market that enables free movement of products, services and capital, enhanced access to information; monitoring of competition and accessibility to affordable labour among other factors that have highly influenced economic activities. This study defines globalization as the inclination of investment and business operations beyond local and national markets to foreign and international markets (Mesut, Ahmet, & Sefer, (2014). The study will thus focus on examining those factors that influence SMEs on expanding their business operations to a global level.

Globalization is measured in three broad aspects that encompass; economic, political, and social aspects (Vujakovic, 2010). Under these three dimensions several variables are developed to indicate the extent of globalization. A number of tools have been developed for measuring globalization in academics, business, mass media and policy circles. They include Center for the Study of Globalization and Regionalization (CSGR) Globalization and Kearney/Foreign Policy Magazine Globalization Index (Dreher, Gaston, Martens, & Van Boxem, 2009). The Kearney/Foreign Policy Magazine Globalization Index, evaluates globalization on four broad dimensions that include political engagement, personal contact, economic integration and technological connectivity (Caselli, 2008). These are broken down in to various variables that are used to measure globalization. The CSGR globalization index evaluates globalization on three broad dimensions that encompass economic globalization, political globalization and social globalization (Caselli, 2008). These are further broken down into variables that act as indicators of globalization. This study will assess globalization in relation to the economic dimension with a number of
variables under consideration. The economic dimension of globalization considers the long distance movements of goods, capital and services as well as information and discernments that follows market exchanges (Goryakin, Lobstein, James, & Suhrcke, 2015).

Globalization in a business is supported by several factors in a country and within the business itself. The level of technology, financial resources, infrastructure and the legal and regulatory environment of a business are some of the factors. Financial markets integration, liberalization and launching of new markets are some of the regulatory factors that support globalization. On the other hand, innovation is one of the technological factors that have enhanced globalization through enabling faster and enhanced communication across the world (Bujar, 2014). According to Mesut, Ahmet, and Sefer, (2014) globalization is supported by the incredible rise in production, growth in technology, increase in transportation speed and ease of communication. This causes an increase in the movement of capital, human resource, information, goods, services and technology among states.

The fast growing technology is one of the main factors that underlie and reinforce globalization, mainly through data processing and telecommunication. The sophisticated technology that is advancing with each passing day, has enhanced coordination of research, production and marketing activities across the globe. For example, the instant communication enables trade in financial instruments around the clock (Mesut, Ahmet, & Sefer, 2014). Technological advancement is quite necessary in a business and the state for globalization to prosper. Poor or lack of technology will undermine globalization in any business setup. According to a United Nations University working paper, lack of adoption of information communication technology in SMEs, in Mauritius has led to stern implication and challenges for globalization of SMEs (Lal, & Peedoly, 2006). It is thus imperative for SMEs intending to expand their operations globally to embrace technology that in a very big way will help reduce challenges of globalization.

Small and medium enterprises need to embrace technology so that they can enhance their operation and be able to expand to a global scale. The business areas that technology will help SMEs to improve in order to perform on a global scale include facilitating communication to foreign markets, researching foreign market to inspect business opportunities, carrying out e-commerce and marketing the business in the foreign market. These opportunities provided by technology have a prospect of growing SMEs to global brands with wide international presence. It is however not easy for SMEs to penetrate into
the international market even with the available technology, especially in developing countries like Kenya. This is because the rate of adoption of technology in developing countries is poor and thus local SMEs will find it hard to match the competition in the market from business in the developed world that adopt quickly to the new technology. This study sought to find out how technology influenced the globalization of SMEs in Kenya in the IT trade industry.

In order for globalization to take effect in a business, adequate financial resources is also of essence to facilitate oversees operations in the business. Even though technology advancement and relaxed regulatory framework, have greatly reduced cost of operating business over shores, still financial capital is needed for the over shore activities of the business (Boateng, 2004). Financial resource is the capital in a business that is necessary for the expansion and innovation in the business that enable it attain its goals (Boateng, 2004). It facilitates such activities of a business such as staff hiring, product development, market establishment and customer attraction (Agnew, 2003). It would thus be impossible for a business to expand globally if enough financial resources are not available to fund the global business operations.

In all the business activities the business needs adequate capital to finance the operation. Due to the informal nature of SMEs, they may be constrained in acquiring sufficient capital to facilitate their operations. Abdullahi, et al., (2015) note that financial resources is needed for business expansion and success. Lack of financial resources to an enterprise will inhibit the growth and expansion of the business and could even lead to shutting down. The prospect of expanding a business to a global scale needs financial resource to facilitate the acquisition of assets and other operational needs (Winton & Yerramilli, 2008). This study investigated the financial impact on SMEs on their global operations.

The legal regulatory framework is another factor that greatly bears on the globalization of a business. It defines the ways through which business is to be conducted and accomplished in the market to create a level playing ground for all the players in the market. According to the World Bank, (2003) governments across the world have adopted various reforms that include, macro-stabilization agendas, privatization, price liberalization and elimination of trade barriers. All these are done in an effort to create a healthy business environment that can span the growth of the country’s economy. The regulation set up by the government go
a long way in facilitating the expansion and growth of SMEs. That remains one of the greatest significant contributor to a country economy.

Cross border trade, which marks globalization, is regulated within certain defined rules and policies that defines how business is to be carried out between two states. This regulation may hinder or support thriving cross border trades. According to Bannock, Gamser, Juhlin and McCann (2000) when unrealistic and inadequate laws are enforced on globalization, they end up being barriers to globalization of SMEs. A positive regulatory framework will remove trade barriers among states and support efficient business transaction across its borders. Urata, (2002) observe that the liberalization of foreign trade and investment, deregulation and scraping off of local regulations have enabled the economic growth of countries. He notes that free trade can be achieved through the liberalization of multilateral trade. Border rules and cross border tariff rates have to be relaxed so as to allow movement of goods and services across borders. Stringent border rules and high cross border tariffs can be a big hindrance to the cross border trade.

The SMEs sector remains to be one of the key pillars of a national economic development. They contribute a lot to job creation, poverty reduction and economic growth (Beyene 2002). They occupy or contain a place of pride in virtually every country or county, due to their significant roles in the growth and development of various economies. Small and medium-sized enterprises (SMEs) in Kenya are defined according to the Micro and Small Enterprises Act, (2012). This Act defines small enterprises, as business units employing 10 to 50 personnel while a medium sized enterprise has 50 to 100 employees (Act, 2012). This study focuses on both the small and medium sized enterprises due to their increasing significance to the economy of the country. The Economic survey (2010) reported that SMEs alone accounted for 87.6% fresh jobs generated in Kenya for the year 2009.

In the recent past, small and medium sized enterprises have increased in number and market share and have revolutionized their perception in the city of Nairobi and other trading centers in Kenya. A big number of large merchants of the 1960’s and 1970’s have closed shop and paved way for small and medium enterprises exhibition stores in the city and other towns. The shops are operated in smaller spaces which maybe as small as 100 Square meters. to the medium size of 500 Sq. These enterprises deal in all kinds of businesses ranging from consumer goods to textile, hardware, glassware, and operate sometimes from overcrowded roads, alleys and open spaces in the city. These enterprises have become
major drivers in the country’s economy and have helped the government to meet some of its strategic goals through job creation. Naude, (1999) notes that apart from the direct evidence from country regressions that point to the significance of human capital, SMEs contribute to a lot to tax revenues among other benefits. This study focused on SMEs trading in the information technology (IT) industry; those that are involved in the trade of IT related products such as computer, mobile phones, network facilities and cyber cafes.

The SME businesses have been pushed into global chains through numerous kinds of cross-border business activities (OECD, 2004). They strive to gain access to the international market that has been dominated for a long time by large multinational companies. According to Oyedele, Kareem, and Akanbi, (2016) entrepreneurs have become aware of the opportunities that are there in international markets and they have taken up globalization to expand their businesses. Small and Medium sized enterprises (SMEs), which are based in Nairobi have made strenuous efforts to impact on business in the globe. In the information technology trade industry, globalization has ushered in development and the use of technologies and higher competition mainly to the SMEs. Companies have to up their game in managing their human resources, and customers are becoming more demanding and in most cases requiring same quality of services as offered by multinational firms.

1.2 Problem Statement
Globalization has changed many aspects of life in the modern world including individual lifestyle’s, business and even government operations as the world has entered a new era of information technology where information, products and services are exchanged globally at unprecedented levels. SMEs are one of the entities that have been affected by globalization, their once secured local markets have been flooded with international companies making them very competitive. However, globalization also offers them the opportunity of expanding their markets outside their borders. Globalization is therefore a good opportunity for SMEs to grow their businesses. However, there are challenges for SMEs that strive to expand their businesses globally. These include limited financial resources, technology, and highly regulated business environment among others. These factors highly influence the globalization of SMEs.

Research has been done investigating globalization in various contexts. In Ghana Ocloo, Akaba, and Worwui-brown, (2014) researched on globalization and competitiveness and
focused on the challenges faced by SMEs in Ghana in the new setup. The study reveals that the globalization and competitiveness of SMEs in Ghana was significantly affected by competition level and advanced technology. This study investigated both the challenges of globalization and competitiveness of SMEs hence their findings overlap between globalization and competitiveness. The current study however, only assess globalization in SMEs as influenced by technology, financial resources and the legal framework. Abdullahi, et al., (2015) investigate the impact of infrastructure, finance and technology on SMEs performance in Nigeria. They establish that the three factors had a positive, significant impact on SMEs performance. Their study, though did not look at the influence of these factors on SMEs at the global stage. The current study examined these factors and their influence on globalization of SMEs.

In Kenya Gichira, (2007) studied the challenges of globalization with Kenya Airways as a case study. The study establish that competition and technological changes are the greatest challenges of globalization in the airline industry. Gichira’s, (2007) study concentrated on the airline industry that is dominated by large multinational companies and therefore, findings of this study might not reflect the scenario of small sized organizations in the SMEs sector. This study hence will examine the influence of technology on globalization of SMEs. Nyagah, (2009) researched on the non-financial factors that affect SMEs growth in Kenya. He found out that technology and laws and regulations, among other factors, affect the growth of SMEs. Though, Nyagah, (2009) did not consider the impact of these factors on the global growth of SMEs, the current study investigated the influence of technology; financial resources and the legal regulatory framework on SMEs globalization.

To this effect, the current study investigated the influence of technology, finance, and the regulatory framework on the globalization of SMEs in Kenya in the IT trade industry. This helped to clearly bring out the specific factors that influence the globalization of SMEs. The study also concentrated on SME organizations trading in the IT trade industry, so as to establish the factors that are influencing the globalization of SMEs in the IT trade industry. This study thus sought to fill the knowledge gap by addressing the objectives of, establishing the extent to which the level of technology, financial resources, and the legal and regulatory framework influence the globalization in SMEs, specifically in the IT trade industry.
1.3 Purpose of the Study
The main purpose of this study was to establish factors affecting the globalization of small and medium enterprises in Nairobi, in the IT trade industry.

1.4 Research Objectives
1.4.1 To establish the influence of technology on globalization of SMEs in the information technology trade industry.
1.4.2 To examine the influence of financial resources on globalization of SMEs in the information technology trade industry.
1.4.3 To determine the influence of legal and regulatory framework on globalization of SMEs in the information technology trade industry.

1.5 Significance of Study
This study was carried out on SMEs in the IT trade sector. The study findings will be significant to the SME owners and the regulatory body of the SME business environment. This study findings will also be important to researchers who can use this study as a point of reference and to gain more knowledge on the subject of SMEs globalization.

1.5.1 Researchers and Academicians
This study investigated the factors that affect globalization in the SMEs sector. Globalization in the SMEs sector is a new phenomenon, having been initially associated with large organizations. This concept has been scarcely researched and this study thus adds to the minimum knowledge in this subject. This study similarly builds on theoretical knowledge that surrounds the subject of globalization and the SMEs.

1.5.2 Policy Makers
This study offers valuable knowledge in the creation of policies and regulatory framework for globalization of SMEs. The government, policy makers and those responsible for regulating international markets are able to adopt this study the recommendations and incorporate in their regulatory framework for globalization. The informal sector is a major contributor to the economy of the country, and by highlighting the challenges faced in this sector, the researcher sensitizes the government and other stakeholders on the importance of creating and enabling an environment and policies that boost the growth of the informal sector. Competition with the large enterprises is desirable for better products and services.
and this can only be made possible when equal opportunities and a level playing ground is created.

1.5.3 Stakeholders
Stakeholders in the SMEs sector will find the finding of this study invaluable such as the information about the limiting factors of technology, finance, infrastructure and regulatory framework on expanding their operations globally. It will enable SMEs in the IT trade industry, adopt the right approach to globalization and also adopt the best practices on the international markets. The findings are also important to financial institutions which should breach the gap by offering products that provides the small and medium sized enterprises much needed capital. This study aimed at examining the various challenges, which the small and medium scale entrepreneurs encounter in operating at the global level and to make recommendation for the betterment of the same.

1.6 Scope of the Study
This study concentrated on the factors of technology, financial resources and legal and regulatory framework and their influence on globalization of SMEs. It was carried out in Nairobi among selected SMEs operating in the IT trade industry. The study sample was drawn from the business owners of these SMEs, to provide data for this research.

1.7 Definitions of Terms
1.7.1 Globalization
Globalization is a concept that denotes the integration of world economies and their interdependence. It is characterized by a rapid boom in cross-border movement of goods, services, technology, financial and human resources, and it is enabled by economic liberalization and information technology (Oyedele, Kareem, & Akanbi, 2016).

1.7.2 Small and Medium Enterprises (SME’s)
These are small enterprises with a minimum number of employees and a small sales turnover. According to the Micro and Small Enterprises Act, 2012, a small enterprise, is a business unit employing 10 to 50 personnel while a medium sized enterprise employees 50 to 100 workers (Republic of Kenya, 2012).

1.7.3 Financial Resources
Financial resources are the money required by an entrepreneur to establish, transform and develop an enterprise to attain success (Boateng, 2004).
1.7.4 Technology
Technology refers to the methods, skills and ways of doing things in the production process or goal achieving goals (Wahab, Rose, & Osman, 2011).

1.7.5 Legal and Regulatory Framework
This the framework that defines the ways business is to be conducted and accomplished in the market to create a level playing ground for all the players in the market.

1.8 Chapter Summary
This chapter has presented the background of the study regarding the factors affecting globalization of small and medium enterprises (SME’S). Globalization is measured on three broad aspects that encompass, economic, political, and social aspects. Economic globalization in SMEs, which is defined with long distance flows of goods, capital and services as well as information. Globalization in SMEs is influenced by a number of factors. Key among them are technology, financial resources and regulatory framework. The statement of problem shows how SMEs have been challenged as they strive to expand their businesses globally, by limited financial resources, technology, and highly regulated business environment. The study objectives are therefore aimed at examining the influence of the factors of technology, financial resources and regulatory framework on globalization. The chapter also highlighted the benefits of this study findings to various stakeholders that include researchers, policy makers and SMEs stakeholders. The study was carried out among SMEs in the IT trade industry. Managers of the SMEs formed the respondent base. Chapter two will review literature on factors affecting globalization of small and medium enterprises (SME’S) specifically, technology, financial resources and regulatory framework. Chapter three presents the research design and methodology followed by study findings then summary, discussion, conclusion and recommendations in that order in chapters four and five respectively.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature and highlights the key concepts on the objectives of the study. It is divided into four sections, the first section discuss the globalization of SMEs. The second section talks about the influence of technology on SMEs’ globalization while the third section is about financial resources influence on SMEs’ globalization and the fourth section presents literature on the legal and regulatory environment and its influence on SMEs’ globalization. Lastly, a chapter summary is presented at the end of this chapter.

2.2 The Globalization of SMEs’

Globalization refers to the integration and interdependence of world economies over rapid proliferation of cross-border movement of goods and services, technology and financial resources and human resources (Oyedele, Kareem, & Akanbi, 2016). This is facilitated by the emerging technology and the economic liberalization. The development of globalization has resulted in the widespread of business activities across the world. Businesses are no longer restricted within their locality, they can find new space and market outside their home. This has seen a good number of business with overseas operations in a bid to expand their operations and increase profits. Globalization in this study is considered under the definition of Morris, (2014) who defined it in an economic perspective. According to him, globalization involves minimizing or eliminating the barriers restricting the free movement of business, trade, investment as well as labour beyond national borders.

Initially globalization was only heard of in the international organizations that had financial muscles to trade across the world. This was observed by Yip (1995) who argue that there was a great perception that globalization was a preserve of the multinationals businesses that had operations in all global markets. However, the world has evolved to a global market place open to everybody and political boundaries have become porous in the movement of goods and services (Ocloo, Akaba, & Worwui-Brown, 2014). This has given SMEs a lifeline in international markets. They can easily expand their business beyond their mother country as enabled by technology and relaxed policies and affordable tariffs in cross boarder movement of goods and services (Oyedele, Kareem, & Akanbi, 2016). It is observed that technology based businesses have progressed in their development propelled by international technology-based companies. However, the increased global competition
has pushed many SME technology based companies to adopt globalization (Karagozoglu, & Lindell, 1998; Litvak, 1990).

It is argued that globalization is no longer an option but a necessity. This is because globalization has infiltrated the world environment (Ocloo, Akaba, & Worwui-Brown, 2014). Every industry is now facing the pressure of globalization with increased competition from not only the local businesses but also the international business that have aggressively invaded local markets. Businesses have now to confront globalization, more so SMEs that have heavily relied on the local market, they now have to face the increased competitive environment of the world by going global (Ocloo, Akaba, & Worwui-Brown, 2014). Similarly, Pakinee, (2014) argues that SMEs are currently being faced with global competition and globalization impacts, and they cannot afford to ignore the international environment. They have to adopt new strategies that will enable them compete locally and internationally.

Globalization is evaluated in three different aspects: economic, political, and social (Vujakovic, 2010). This study will evaluate globalization in relation to the economic dimension with a number of variables under consideration. The economic dimension of globalization considers the long distance flow of goods, capital and services as well as information and perceptions that accompany market exchanges (Goryakin, Lobstein, James& Suhrcke, 2015). This study evaluates economic globalization in respect to the flow of goods, capital, services and information and the SMEs participation in the emerging market economies. These are discussed in the following section.

2.2.1 Movement of Goods, Capital, Services and Information

SMEs have been increasingly drawn into the global value chains through various types of activities that occur across the borders. Onyeaghala and Anele (2014) note that the recognition of opportunities offered by this process of gaining access to global markets has become a strategic instrument for entrepreneurs to increase growth. According to Sonia and Kansal (2013) globalization opens up economies to the outside world, thus facilitating trade, and reduction of the various barriers to increasing the mobility of factors of production, labor force, and goods. The process of rapid economic, institutional and cultural integration is driven by investment, trade, capital flow, and technological advances. Surugiu and Surugiu (2015) see globalization as a phenomenon that leads to the internationalization of selling and production to the world.
The process of globalization helps to create new opportunities and challenges for a firm. Opportunities include access to new markets previously closed by cost, regulations or indirect barriers and opportunity to participate in global production networks. Onyeagghala and Anele (2014) observe that the increase in the wave of globalization has led to better products, lowered the cost and increased the productivity. It helps to remove all internal barriers to freedom of finance and capital promoting real opportunities and choices of markets. SMEs trading opportunities from international financing and capital flow increase opportunities for economic cooperation and trading.

One of the beneficial aspects of globalization for SMEs is that companies can take skills and knowledge across the globe, widening their horizons and this leads to increased collaborations. The ability to transfer information and communicate all around the world enables companies to focus on the core competencies that lead to better partnerships (Harvie, Oum & Narjoko, 2013). Business resources are more transferable and mobile beyond borders as a result of globalization due to the lowering of sharing costs, new and more significant niche markets, improved access to finance and new ways of spreading risk. Harvie (2015) notes that most SMEs tend to operate in specific areas due to various constraints and globalization presses them to improve performance and find means of entering new markets. It also lowers the trade barriers, reducing the cost incurred in the transportation and delivery of products and services throughout the economy (Sonia & Kansal, 2009). The integration of capital markets fosters the allocation of world savings to diversified and more productive investments leading to the achievement of a higher rate of returns.

The tendency of businesses and investment funds to move beyond domestic and national markets to other markets around the globe is what entails globalization. The lower operating costs provide SMEs with a superior position to gain a more significant number of consumers and products (Oloruntoba, Kareem & Akanbi, 2016). The process allows the diversification of resources and creation of new investment opportunities due to the additional markets. Harvie, Oum, and Narjoko (2013) observes that local markets are becoming an integral part of global markets as a result of globalization. Traditionally, competition in the international markets has been a realm of large companies as smaller businesses remain in the regional scope (İncekara & Savrul, 2012). However, the elimination of barriers that protect the domestic market, and advances in the technology of
manufacturing, communication, and transportation has enabled smaller firms to access supplies and collaborators around the world.

Developed countries usually trail braze in technological superiority, and high-quality products patterns given that most of their production facilities are located in developing nations by entrepreneurs and technological spillovers. Surugiu and Surugiu (2015) note that SMEs have also gained a competitive advantage due to the utilization of new ideas and information. Globalization has created opportunities for utilizing comparative benefits due to the introduction of advanced technologies, management experience and foreign capital (İncekara & Savrul, 2012). The limited size of SMEs means that they have limited resources and access to capital and incur high relative costs to utilize or access information technology (Harvie, 2015). However, globalization provides more market opportunities by promoting market liberalization and facilitating trade and investments that improve the capacity of the SMEs to exploit regional markets and international markets. Movement of goods, capital, services and information across borders is a good indication of globalization. Globalization is as well illustrated with a greater participation of businesses in the emerging market economies. This is discussed in the following section.

2.2.2 Greater Participation in the Emerging Market Economies

The economic dimension of globalization alludes to the economy, business activity, trade markets, enterprises and branches of the economy where common world markets come into existence as a result of the integration of a different kind of business. Lundström (2009) finds that SMEs tend to benefit from their participation in the global value chains. Reorganizing production at the international level through increased outsourcing has resulted in significant effects on SMEs. Bouazza (2015) notes that the continuous emergence of new niches of supply of products and services from the fragmentation of production allows small firms to quickly position themselves, exploiting their ability to move fast with flexibility. SMEs that have participated in the global value chains have enhanced internalization and growth. SMEs suppliers are provided with access to global markets at a lower cost than that of individual producers as a result of the intermediation function assured by contractors (World Trade Organization, 2016). Enterprises that have successfully integrated into one or more value chains have been able to gain stability and expand their operations.
Small firms that focus on multipurpose technologies have secured their positions by becoming specialized suppliers serving different global value chains. Tambunan (2009) asserts that specialized and niche market SMEs have become conscious of their competitive strengths that are associated with flexibility and quality they offer. Some of these enterprises have succeeded in leveraging critical assets from lead partners’ reputation. Moreover, SMEs choose to outsource the noncore activities, even offshore when it allows them to gain competitiveness from the rationalization of optimizing resource allocation and production (Lunati et al., 2008). Cooperation with partners upstream and downstream improves the efficiency of small firms. The substantial benefits that these companies gain include information flow, learning opportunities and technology transfer (Foghani, Mahadi & Omar, 2017). Exposure to learning processes among partners allows SMEs in the global value chain to generate knowledge spillover and stimulate technological, human and capital upgrading.

The understanding of the competitive strengths by the SMEs across different industries within the value chain enables them to optimize their participation in the global value chains. According to Bouazza (2015), applying resources and time in understanding the evolving global context allows such firms devise successful market strategies. The reinforced firm’s competitiveness allows them to compete favorably in the national and international markets. Ahmedova (2015) shows that compliance with strict product quality standards as a requirement for participating in the global value chains is costly and complicated, but globalization allows SMEs to be compliant thus becoming productive in the long run. Taking up large and complex tasks such as product development leads to the introduction of organizational and marketing innovations and capacities to deal with the complexity of these functions. The liberalization of trade increases the ability to have well-developed manufacturers who can penetrate the underdeveloped markets allowing SMEs to survive (Foghani, Mahadi & Omar, 2017). The integration of SMEs into the global chains of production at various stages through linkages with foreign affiliates and larger firms enables such firms to increase their productivity.

One of the emerging opportunities for SMEs that come from globalization is the potential benefits of global trade as a result of integrating them with global chains of production at various stages (Lundström, 2009). According to Tambunan (2009), the linkages present small firms with the highest growth potential and access to international markets, finance,
management skills and knowledge, and engagements in mutually beneficial relationships. Outsourcing of tasks enables businesses to gain competitiveness from rationalized production and optimization of resource allocations.

Globalization is evaluated in three different aspects; economic, political, and social aspects (Vujakovic, 2010). This study considers the economic perspective of globalization, which considers the long distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges (Goryakin, Lobstein, James, & Suhrcke, 2015). This study evaluates economic globalization in respect to the flow of goods, capital, services and information and the SMEs participation in the emerging market economies. Authors consider globalization with respect to free movement of goods and services while ignoring other factors such as information and capital (Sonia & Kansal 2013; Ocloo, Akaba, & Worwui-Brown, 2014). This study puts into perspective the movement of products, services, capital and information while it also considers the participation of the local enterprises on emerging markets. This will help in getting a better perspective of globalization on SMEs. Globalization is influenced by a number of factors key among them, technology, financial resources and legal regulatory framework. This study concentrated on these three factors and their impact on the globalization of technology based SMEs. These are discussed in the following section starting with technology.

2.3 Technology and Globalization of SMEs.

Technology embodies the knowledge and/or technique of doing things. It is linked to getting specific outcomes; resolving specific problems; completing specific task through specific skills; using knowledge and exploiting assets (Lan & Young, 1996). According to Maskus (2004) technology is the information needed to attain specific production outcome from certain means of combining or processing, given inputs that encompass production process, intra-firm organizational structures, administration techniques and means of finance, marketing techniques or any of its combination. Technology has a significant role in every business operation. It has brought innovative changes in business operations (Eatock, Paul, & Serrano, 2001). According to Lamba, (2009) technology is a vital force in the new form of business globalization.

Technology grows each day; its rapid growth has contributed a lot in the establishment and development of the global market (Lamba, 2009). According to Lawlor, (2007) globalization came into play near the end of the 20th century with the growth in information
technology. He observes that information technology created global integrations of various world markets that brought up globalization. Further, Lawlor, (2007) argues that globalization move towards more integration of markets of old and new and economic policies relates with technology’s capability to create normalization of global computing platforms. The new platform facilitates cooperation and innovation irrespective of distant, time or physical location, and this facilitates businesses to search the world for opportunities, which can generate value that had remained inconceivable.

Technology influences globalization through elimination of geographic distance and minimizing time. According to Lamba, (2009) owing to technological development physical distance, location and time no longer matter. He also notes that innovative transactions such as e-business, e-commerce, and e-banking have come up to facilitate business transactions in large volumes and in efficient ways over the internet. Lawlor, (2007) states that instant messaging is one of the technologies that enables individuals located anywhere in the world to communicate promptly, with internet connection and messaging service. Through this technology SMEs can communicate with customers and employees located across the globe and provide them with up-to-date news, which they may require to have in order to carry out transactions with customers or other businesses.

Technology enhances productivity and information flow, which stimulate competition in a short time span across the globe. With technological development, production capacity of a business is improved while it also changes the ways of conducting a business (Lamba, 2009). According to Lamba, (2009) the impact of technology on globalization is both positive and negative; the internet is one of the tools that positively impacts globalization, through provision of opportunities for accessing knowledge and services from any corner of the world. Online business does not require any mediator, thus local businesses have an opportunity of carrying out online business across the world.

Lamba, (2009) researched on the role of technology on globalization in relation to business continuity and establish that technology has help in globalization of businesses through creation of opportunities for global networks of tasks. In another study on the effect of information technology on global business strategies. It was argued that information technology innovation has been a significant force in globalization (Lawlor, 2007). According Lawlor, (2007) information technology is a critical aspect of global business strategy. Borcuch, Pilat-Borcuch, and Świerczyńska-Kaczor, (2012) also performed a
study on the Internet influence on globalization; they argue that the internet is in many ways the driving force of globalization. Borcuch, Piłat-Borcuch, and Świerczyńska-Kaczor’s (2012) findings reveal that internet technology has modernized and improved businesses on the World Wide Web. Further, they note that businesses enhance their global competitiveness and performance with much more efficient electronic business processing and instant information access.

In the Information, Communication and Technology (ICT) sector, globalization has brought about increased application of technologies, and also increased competition especially to the SMEs. Companies have to up their game in managing their human resources, and customers are becoming more demanding and in most cases requiring the same quality of services as offered by multinational firms. Small and Medium Enterprises face their share of challenges including inadequate access to business and technical skills, limited access to regional and global markets as compared with well-establish firms, limited early stage technological financing and expanded markets which are characterized by increased number of completion and shrinking market size. In addition, these organizations must deal with a complex and immature Information and Computer Technology regulations in Nairobi County.

Adequate technology will provide quite a number of benefits in a broad range of intra- and inter-firm business practices and transactions to SMEs. Appropriate technology adoption for SMEs in the ICT sector will enhance the management of information and knowledge in the business and may minimize business costs and improve the rate and reliability of businesses operations in transactions that include business-to-business and business-to-consumer. Again technology in SMEs will be effective in enhancing communication both within and without, while it will also enhance service quality for both the new and establish clients the business clients (OECD, 2004).

The recommendations to help SMEs stay put in the global market would be largely through innovation, engaging in emerging areas of technological interest and investment, venturing in technological infrastructure and broadband, software development programs, improved local content development and Business Process outsourcing centers. In the same thought technology improvement which in a big way increases and opens opportunities to globalization should be encouraged by both the National Government and the County government of Nairobi.
The creation and funding of research centers and development department should be a key priority to enable the SMEs acquire the needed technological skills and compete with other international firms. The government should continue with its support and involvement through ICT Board and its enactment as an economic pillar in the Country’s Vision 2030, regulatory policies and bodies like CCK among others (Wangari, 2014). The country has strong physical space and network capability especially with the laying of fiber optic cables and the growth in internet connections. The country also has a tech savvy generation and its prominence to the public and decision makers which could be the leeway or asset for the SMEs in Nairobi County to compete globally with other firms. SMEs can appropriately use technology to research foreign markets as well as facilitate their communication in these markets and this would enhance their expansion to the global market. Foreign market communication and research through technology are presented in the next sections.

2.3.1 Foreign Markets Communication

Foreign markets are the marketplace found outside one’s home state and/or political borders. They are accessed through establishing of business operations overseas (Bofah, 2017). Due to the distance and geographical barriers between SMEs and the foreign market, it has always been a challenge reaching out to these markets. However, with the sophisticated technology, SMEs are able to be in touch with foreign markets that can offer more opportunities for their business. Through the telephone systems SMEs in different parts of the world can communicate easily and coordinate their business operations. For over half a century technology has grown to support business communication and information processing across all business operations (Brady, Fellenz, & Brookes, 2008). In addition, technology is an effective tool for improving external and international communications and quality of services for establish and new customers (OECD, 2004).

Foreign market communication is driven to a great extent by information communication technology. The use of IT enables SMEs establish roots in the foreign markets and be able to carry out marketing activities to promote their product/service sales. According to Brady, Fellenz, and Brookes, (2008) the use of ICT applications that offer linkages between consumers and businesses comprising of synchronous and asynchronous communications, extensive computer networks and continuous and fast data processing applications enhances the use of IT in creating and sustaining market relationships that are much critical.
for the success of a business. SMEs can tap into these possibilities of IT to link up to the foreign market to enhance their globalization.

Through the use of technology, Small and Medium Enterprises can engage in e-commerce. This will aid them in increasing their efficiency in their day-to-day business operations and sustain their business growth through the opening of new market channels, and to increase the flow of information and consequently production will also increase. Effective foreign market communication will open SMEs business opportunities to the global market (Demetrian, 2015). According to Demetrian, (2015) effective communication is critical for the competitive foreign market, SMEs can ensure effective communication through the advanced technology that are fast and precise in communication. According to Hamidi, and Safabakhsh, (2011) IT through information systems enables marketing communication in planning, sales and advertisement, product management, distribution channels and direct sales. On the other hand, Smith, (2016) observes that mobile communication and connectivity has revolutionized communication in business by changing ways through which messages are planned and distributed. Through mobile technology SMEs can advertise their product and services in the foreign markets and seek for customers.

Foreign market communication will facilitate SMEs to carry out marketing of their products and services in the international markets. Foreign market communication will involve international marketing communication, which will involve SMEs carrying activities such as advertising, promotion of sales, personal selling, public relations, publicity and direct marketing (Ehikwe, 2013). Ehikwe, (2013) carried out a study on the problems, issues and strategies of international marketing communication. He argues that in globalization, businesses have to bring their brands to the notice of millions of customers and thus, they have to direct their brand communication to these customers. According to Ehikwe, (2013) internet technology supports this communication to consumers in the different markets of the world. Further, Ehikwe’s (2013) study establish that Internet and cable television network have globalized the world and they may contribute to globalization of many products. Additionally, foreign marketing communication will constantly enhance consumers’ knowledge in different countries on products produced outside their borders.

In an effort to establish business in the foreign markets SMEs have to establish proper communication with these markets. It is quite a challenge establishing communication in the foreign markets given the distance and geographical barrier that exist between
countries. However modern technology has the potential of eliminating these barriers through virtual connectivity. This is emphasized by Litan, Mocanu, Olaru, and Apostu, (2010) who noted that there is need for businesses to communicate with their customers in their target markets, and this can be realized through websites that enables business to transact internationally. Litan, Mocanu, Olaru, and Apostu, (2010) further observe that in order to maintain contact with customers, the use of advance technology to create website that present businesses activities is a must for any business. Use of ICT tools which provides virtual linkages between consumers and businesses comprising of synchronous and asynchronous communications, extensive computer networks and continuous and fast data processing applications can help SMEs enhance their globalization. SMEs would also have to understand the foreign market if they have to succeed in their foreign investment, thus researching about this market is crucial. The foreign market research can also be aided by technology and support SMEs globalization. This is presented in the next section.

2.3.2 Foreign Market Research
Market research is the marketing practice that involves the identification of a particular market and ability to measure its size and other characteristics (Lee, 2012). This is an effort to prepare and plan well on how to enter that specific market. Foreign market research is carrying out market research outside one’s home country that can encounter different set of limitations such as culture, language, networking, data collection and difference in business regulatory and demands (Lee, 2012). Foreign market research is needed in globalization to help a business remain close to the diverse customers in the global market (Young, & Javalgi, 2007).

Market research is the all important first step in any business venture. In order for SMEs to take advantage of globalization opportunities, they need to carry out a research into the foreign markets to identify consumers’ behaviors and prospective business positioning strategies (Young, & Javalgi, 2007). SMEs that plan to expand globally are thus faced with the up-hill task of researching on these new markets that exists outside their borders. Lack of resources to travel to these foreign market was a hindrance for SMEs. However, with the dawn of new technology, SMEs can carry out research in these foreign market without moving there physically. Technology aided research of foreign market can help SMEs develop an understanding of the foreign market to evaluate the feasibility and the prospects
of that market. The foreign market research will provide information about the competitiveness of the foreign market, the best market to venture into, and the best way to access this market (Lee, 2012).

The emerging technology is a catalyst for globalization for various markets’ products and services. IT plays a critical function in the organization of research, production and marketing operations across borders (Hamidi, & Safabakhsh, 2011; Rust & Espinoza, 2006). According to a study on the influence of emerging technology on business research, it was established that marketing research was the most intensively influenced by technology. They posit that technology changes the ways in which marketing managers carry out their work while it also offers new ways of carrying out research.

According to Litan, Mocanu, Olaru, & Apostu, (2010) with the current era of information technology, market research information can only be processed with the aid of information systems and are often collected through the internet. Litan, et al., (2010) did an analysis and presentation and comparison of the contemporary most significant technologies that are being employed in market research. They concluded that businesses need to be conversant with the emerging technologies and transform their market research analysis. They identified some the technologies that can be used in marketing research as, online polls and advertising, and complex GIS tools. They argue that the new technologies have made it possible for not only large companies but also SMEs to utilize them in market research due to their affordable costs.

Evidently technology has an impact on business globalization and especially SMEs who have been presented with affordable tools for enabling communication and research of foreign market. Lamba, (2009) studied the role of technology on globalization in relation to business continuity and establish that technology has helped in globalization of businesses in the private and public sector. The current study, however, looks at how technology influence among SMEs impacts their globalization. Lawlor’s (2007) study on the other hand, examined the effect of information technology on global business strategies, and found it to be a significant force in globalization. Borcuch, Piłat-Borcuch, and Świerczyńska-Kaczor, (2012) also performed a study on Internet influence on globalization, and reveal that internet technology has modernized and improved businesses on the World Wide Web. Ehikwe, (2013) in a study of international marketing communication shows that internet technology and cable television network support
foreign market communication, which enhances consumers’ knowledge on business products and services. Ehikwe, (2013) however did not consider the impact that this had on globalization, which is the subject of this study. Litan, Mocanu, Olaru, & Apostu’s (2010) study was concentrated on finding out what technologies were being used in globalization, nevertheless, they did not consider the impact that these new technologies have on business globalization. This study will thus examine technology around globalization and how it affects business globalization in SMEs. While technology has a significant impact on globalization, other factors are bound to also impact globalization. The next section looks at financial resources as another factor than impacts globalization of SMEs.

2.4 Financial Resources and Globalization of SMEs
Each and every business enterprise needs adequate financial resources for development, daily operations and growth (Duff, 2010). Enterprise resources are provided either by the owners of the business or outsiders. Financial credit has been identified as one of the most important financial service for the business development, without which various inputs like capital, labour and raw materials may not be purchased (Aketon, 2007). In both the developed and developing economies, finance has been identified as the most important factor determining the survival and growth of Small and Medium Enterprises (UNDP, 2008). However, SMEs face quite some challenges in accessing the needed financial resources (Atieno, 2001).

Banks have been the most competent providers of financial resources as observe by Adedoyin and Adekanye (1992). The banks pool together funds out of which they give out consumers as loans to individuals and commercial loans to enterprises or even to government through purchase of securities. As firms grow, they turn to formal financial institutions for financial needs starting with banks (Watchel, 2001). But firms do not need finance for growth only. Firms need financial resources for starting up as well. For SMEs, acquisition of financial services especially loans from banks has not been easy (Atieno, 2001). The baseline survey of 2012 on financial access in Kenya indicated that majority of the SMEs also use informal providers of financial services like Accumulating Savings and Credit Associations (ASCAs) and Rotating Savings and Credit Associations (ROSCAs) (FSD Kenya, 2007).

The lack of access to finance by SMEs is one of the major issue facing SMEs in Nairobi County (Akinyi, 2012). Entrepreneurs have therefore been forced to rely on self-
financing or borrowing from friends or relatives which is not enough to enable SMEs engage in international markets. Lack of access to long-term credit for small and medium enterprises forces them to rely on high cost short term finance. Small and Medium enterprises are as a result unable to expand, modernize and globalize their business operations. The profit margins are usually little to support growth and development of their business. High budget deficits and unstable exchange rates and legal, regulatory and administrative environment poses major obstacles to SMEs access to financing. These have led to poor performance for SMEs leaving them with no potential of expanding outside the country (Kamunge, Njeru, & Tirimba, 2014).

In many developing countries like Kenya, commercial banks prefer lending to the government and large organization that offer less risk and higher returns. This has led to edging out of most of the SMEs from the formal financial sector. The problems related to financial access for SMEs include lack of information on where to source for finance; restrictive lending offered by commercial banks; lack of access to finance; inadequate financing lack of track record required by the banks so as to offer services; limited or no access to collateral; and the fact that financial institutions lack appropriate structure for dealing with SMEs directly. These problems have seen SMEs with insufficient financial resources necessary for expansion to international markets.

Lack of access to adequate finance also affects technology choice by limiting the number of alternatives that can be considered. Many SMEs in Nairobi use inappropriate technology because it is the only one their financial resources can afford (Kamunge, Njeru, & Tirimba, 2014). In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan and his limits their capacity to compete on the international platform.

Financial resources are essential for supporting globalization in the SMEs sector. These financial resources will enable SMEs invest in new technologies, skills and innovation that are used in the global market. The inadequate financial resources cannot be addressed by implementing financing schemes or programs in a vacuum (OECD, 2004). There are institutional issues covering a spectrum from the macro level to the micro level, which are accompanied by capacity deficiencies (Basil, 2005). A wide spectrum
such as this may only be tackled by mainstreaming SME development and growth in governance.

In an effort to address their financial deficit that hinders them from globalization, small and medium enterprises, need to take a better initiative than pointing it out as their number one obstacle: they need to mobilize joint advocacy and recommendations, based on sound analyses, through their membership organizations. Most significantly, SMEs must implement sound business practices and continuously invest in good internal management systems in accounting and planning. The SMEs in Nairobi should also be innovative so as to attract financial support from international partners for globalization, and be able to compete with other global firms in globalization.

The government can contribute in availing financial resources to SMEs in an effort to support their globalization. They can do this, by taking the necessary steps to increase the financial capacity of institutions to construct profitable SME lending programs. They should, at the same time, put into consideration the development of innovative solutions rather than collateral issues, such as the acceptance of more flexible types of collateral, particularly for SMEs with few fixed assets; the use of group guarantees and loan guarantee schemes for SMEs; more emphasis on cash flow than balance sheets in assessment of borrowing capacity; easy and effective loan application assessment procedures. This measures would help in availing financial resources to SMEs which can be channeled to their globalization process.

Financial resources are one of the most critical resources to prosper a business within its locality and beyond in the globalized world. While globalization provides the chance for a business to invest outside its country, this investment comes with some cost that need financial resources. Recruitment of new employees for overseas ventures and the establishment of ventures in the new markets are considered here to be areas that require financial resources. These are discussed in the following section.

2.4.1 Employee Recruitment
Employee recruitment refers to the process used to identify and interest prospective individuals to be employed in the organization (Walker, 2009). This is one of the critical aspects of the organization that enables the organization to grow. With globalization, SMEs will need to recruit staff that will carry out the SMEs’ activities in the international markets.
that the SMEs invest. This is very important because, the success of the SMEs expansion to the global scale will highly depend on the staff working on the new markets venture (Ekwoaba, Ikeije, & Ufoma, 2015). Recruitment in the organization is supported by adequate financial resources, which facilitates the process recruitment, right from advertisement up to awarding of salary to the staff in the business. It is quite significant for SMEs to recruit competent and inspired employees (Gomez-Mejia et al., 2010). According to Moran, (2014) recruitment of the right individuals and making sure that the business is compliant with the pertinent regulations is crucial to successful business globalization.

Business that expand to outside markets are more than often presented with the challenge of hiring individuals to work in the foreign markets (Velocityglobal. 2017). One of the challenge is inadequate financial resources that would enable the business to recruit the appropriate individuals (Onteri, 2012). A business with sufficient financial resources will recruit adequate employees, it will as well provide decent salary that will help in securing the best individual to work for the businesses. Further, a business which is able to offer adequate compensation will have a motivated workforce that would help it succeed in globalization (Gamage, 2014).

In an exploratory study, Karagozoglu and Lindell, (1998) examined internationalization of SMEs technology based companies. They argue that technology based industry has seen an increase in globalization, which is much driven by international technology based companies. However, intensified globalization has increased competition which has made SMEs to take up globalization. Karagozoglu and Lindell, (1998) in their study establish that SMEs in their globalization are faced with a number of challenges due to their inadequate resources and capacity among others. They also observe that due to recruitment limitation, SMEs struggle with managerial inexperience due to lack of financial resources to recruit culturally diverse managers that can drive the SMEs to global success.

It is argued that human capital has grown to be the most critical and most costly factor of production in a business (Bivainis, & Morkvėnas, 2008). Bivainis and Morkvėnas, (2008) further observe that human capital is the main factor that a business needs if it has to stay operational and grow. It is thus imperative that SMEs should be able carry out adequate recruitment, which is done through the business financial resources. SMEs would thus require financial resources to recruit for their international businesses. Islam, Habib, and Pathan, (2010) also argue that recruitment determines the performance in business that
ensures the growth and development. In this respect employee recruitment in SMEs is bound to affect their growth to the international markets. The SMEs in globalization will thus need a significant amount of their financial resources to recruit staff for overseas operations.

The necessity of recruitment in a business is due to different factors such as business expansion and new business venture. Expanding business operations globally will thus require the recruitment of new staff. Employee recruitment in SMEs is dependent on a number of factors key among them is the financial resources available. The financial capacity of SMEs will determine the budget size apportioned to the recruitment process (Onteri, 2012). Gould and Campbell, (1987) also observe that the financial challenges of SMEs could limit the quality and size of recruitment techniques available for use. Onteri, (2012) carried out a study to examine the factors influencing recruitment strategies among SMEs, she observes that recruitment in SMEs was influenced by the economic conditions and the financial position of SMEs among other factors. Onteri, (2012) recommends that SMEs should ensure professionalism in the recruitment of staff so as to recruit the best employee. In having the best employee SMEs will be able to achieve their global expansion goals. In as much as financial resources are needed in the recruitment of employees, there is also a fair share of it that is needed in establishing the SME in the foreign market. The following section discusses how financial resources enable globalization by facilitating market establishment in foreign markets.

2.4.2 Market Establishment
Market establishment entails finding a place for the business in a market (Root, 1994). In globalization SMEs need to identify the foreign market that is viable to their business and establish their business in this market. The ability of SMEs to establish in foreign market is critical for its success in globalization. The SMEs trying to establish itself in the global market should be backed with financial resources that will help in carrying out advertisement and paying for the tariffs charged in the respective markets among other activities. According to Eckhardt, Shane, & Delmar, (2006) establishing a business in new markets such as the foreign markets would require SMEs to carry out such activities as hiring workers, acquiring inputs and developing or getting supply of products. These activities are expensive and often should be done before the new ventures start making income from the sales made on the products or services (Eckhardt, Shane, &
it therefore requires SMEs to have substantial financial resources that would fund these initial activities to establish the business in the foreign markets before the business start making profits.

According to Simone (1998) while seeking to enter international markets businesses should ensure they have adequate financial resources that is essential to effect market entry. Hence financial resources are quite critical for SME technology based firms to globalize. This is also supported by Atherton, (2012) who observe that SMEs when challenged in getting financial resources, they face difficulties in creating new ventures and growing their business. Consequently, it is impossible for SMEs to expand to the global market if they lack enough financial resources. Finance remains to be one of the main barriers to SMEs globalization; they lack a strong financial power to expand and establish their ventures in overseas markets. According to Morse, (2013) SMEs specific challenge is getting finance. Due to this and their reluctance to seek finance, SMEs may be restrained from expanding and establishing in new markets.

According to a report by the African Development Bank (AFDB) it inadequate financing, high cost of doing business, capacity development and skills shortage as some of the challenges facing the development capacity of technology of SMEs in Nairobi County and the country (Ochieng, 2010). Ochieng, (2010) carried out a study on young business Kenya, and through various interviews with top managers in technology identified the following as the key challenges in ICT; access to capital as private equity or loans from commercial banks which are always expensive; lack of enough role models in the market as it takes time for such organization to be establish; competitive poaching where securing and maintaining top notch talent is a challenge as employees leave for better pay in other well establish firms.

Market establishment requires financial resources. It is noted that start-up costs are the greatest challenge of establishing business operations in foreign markets (Andersson & Arvidsson, 1992). Entering new markets calls for strategic plans that would ensure successful establishment of the business in the new market. Foreign markets entry poses financial challenges that is as a results of financial, administrative and legal factors such as exchange rates, high inflation and interests rates (Bartley & Minor, 1994). SMEs will need a strong financial resources to be able to cater for these financial requirement that are needed to establish in the new foreign markets. Other factors that drive the cost of
establishing business in foreign markets include fees and duties in foreign countries as well as bureaucracy.

In a study on foreign market entry, Barasa, (2013) sought to establish the factors that influenced foreign market entry strategies in Kenyan pharmaceutical firms. He argues that, study when entering into new international markets a business needs to review its internal capacity, competencies and restriction such as financial capabilities, so as to decide on the suitable foreign market that the business can establish itself comfortably. Finance is thus a critical factor in SMEs going global as adequate capital is needed to fund the operations of the business in the global markets.

Clearly SMEs would find it hard to expand to the global market if they do not have enough financial resources. Financial resources are needed to fund the hiring of new staffs who would run the overseas business. Funds would also be needed to establish the business in the foreign market by funding the acquisition of business assets and paying for various expenses. Karagozoglu and Lindell, (1998) studied on the internationalization of SMEs technology based companies. They found out that SMEs are challenged in their internationalization due to poor finance that limits their recruitment of appropriate staffs. Karagozoglu and Lindell, (1998) considered globalization in respect to foreign direct investment only, the current study will consider SMEs transaction that involves both importation and exportation. Onteri, (2012) examined the factors influencing recruitment strategies among SMEs. She observed that recruitment in SMEs was influenced by the economic conditions and the financial position of SMEs among other factors. However, she did not look at the influence that this had on globalization which is the subject of this study. Barasa, (2013) studied the strategies used to enter the international market by pharmaceutical companies in Kenya. He found out that a business needs to review its internal capacity, competencies and restriction such as financial capabilities, so as to decide on the suitable foreign market that the business can establish itself comfortably. On pharmaceutical companies, the findings of his study may thus be inappropriate for technology based SMEs, which is the focus of this study. Globalization is also affected by the legal and regulatory framework. The next section discussed the impact of the legal and regulatory framework on globalization of SMEs.
2.5 Legal and Regulatory Framework and Globalization of SME.

Regulation relates to the fiscal and tax matters, work legislation and even environmental policy (Poutziouris & Chittenden, 2003). The legal and regulatory framework is the existence of appropriate infrastructure that support the control of a suggested or agreed upon course of action, statute, standard or law (CARICOM, 2011). According to OECD, (2004) the legal and regulatory framework establish the “rules of the game” in a society and govern the way in which the government, SMEs and civil society interact with each other. The legal and regulatory framework influence investment decisions, the opportunities and rewards available to enterprises. The regulatory framework is normally established by governments in a bit to control the work or business environment. According to Adala, (2014) every country across the world abide in in their own system of regulation; a business functioning in that country needs to follow the regulation system in place there.

Governments set rules to raise tax revenues for investments in public goods, defense, maintenance of law and order, and to maintain health and safety of consumers, and the environment. Compliance with the rules comes with costs in globalization especially on SMEs who feel the greater pinch. Bannock, Gamser, Juhlin and McCann (2000) argue that when imposed at unrealistic levels and inadequately enforced, regulation affects the globalization of SMEs as they act as barriers between the two. The passive acceptance by governments in transition and developing countries that regulation cannot be fully enforced on SMEs, is a recognition of the fact that the level of regulation is too high and too costly to be applied to all forms of business firms and expect them to participate in the international trade.

The predictability of the operating business environment is a crucial factor in determining business decisions. This is not only by SMEs, but also large firms, including international invested ones. They depend on the ability of government to implement sound and viable economic policies. Low budget deficits, low inflation, and a stable and transparent currency regime, yielding competitive exchange rates in an economy, of these help secure the minimum stability that businesses need to make their own sound business decisions (OECD, 2004). Shiffer and Weder (2001) confirm through a worldwide survey that inflation affects SME growth more than larger enterprises and that exchange rates also affected SMEs more, due to lower hedging
opportunities available to smaller firms, however, policy instability affected all firms equally this is no exception in globalization of SMEs in Nairobi.

In developing countries another regulatory challenge to SMEs’ globalization is low level of trust in the court system to enforce financial claims, and the need to pay significant bribes for access to basic public services which could be different with developed countries. For SMEs to close the gap with their larger counterparts in the world of legal framework, further action by regional governments will be required. Action need to be done to improve infrastructure, costs and IT training and in information relating to the business opportunities that e.g. e-commerce can generate (Harvie and Lee, 2012), for all this in a way affect the legal procedures for globalization of SMEs.

There is need for the government to put in place a legal framework that strengthens business and exchange between SMEs in the Kenya (Bunyasi, Bwisa, & Namusonge, 2014). The government should also establish research institutions and government sources that support SME globalization by providing the needed support. There is also need for the national and county government to establish legal information centers to enable SMEs have easy access to legal business information. SMEs should also participate in forums that facilitate information exchange in order to learn and bench mark with other SMEs and improve their performance on an international level. They should also invest in information access and exchange programs to facilitate access to information on international trade.

It is argued that micro and small enterprise are globally the center of policy makers because of their capacity to spread income to both the urban and rural population for poverty eradication (Simiyu, Namusonge, & Sakwa, 2016). According to Simiyu, Namusonge and Sakwa (2016), the legal regulatory framework defined by the government has a great impact on the business startup of micro and small enterprise and their growth and advancement to medium and large enterprises. These researches performed a study to establish micro and small enterprises of women are affected by the policy and regulations of the government. The findings show that there is no significant relationship between the government policy and regulation and the growth of women micro and small enterprise. They however recommend that the government to minimize on their bureaucratic regulatory framework on micro and small enterprise
of women in order to spur their growth. Legal regulatory framework surrounding a business will definitely have a great impact on the success of globalization of SMEs. State taxation meant to earn government revenue and the necessary regulation in place to keep and maintain order are presented in the following sections and their influence on SMEs globalization.

2.5.1 State Taxation
Tax is the fee imposed by a state government or regional body on a transaction, product or activity so as to fund government activities (Kabinga, 2016). Taxation has a great impact on SMEs globalization while investing in the foreign markets, SMEs will consider the rate of tax imposed by the host government of these markets. According to Gabriel, (2015) complex and extreme taxation discourages external investors while pleasant taxation will attract and encourage external investors. SME globalization will thus thrive where the stipulated tax rates are considered friendly to their business operation. Governments in bid to promote globalization ought to establish sound tax system that would favor not only large organizations but also the small and medium businesses.

Complex tax systems in different nations is one of the challenge facing SMEs globalization (World Bank, 2006). Djankov, et al., (2010) carried out a cross-country study on influence of taxation on investment and entrepreneurship. According to their finding, effective business taxations have a great significant negative influence on business investment as well as on entrepreneurship activities. Taxation to a business is of great concern because tax deductions are made from the profits of a business, and if unreasonable tax rates are imposed then the business will not make enough profits. According to Buehler, (1946) the burden of state taxation was thought to be more severe to small business, majorly due to the small or lack of access to formal finance. High state taxation is discouraging to the expansion of SMEs and establishment of new ones (Buehler, 1946).

It is argued that taxation plays a critical role in the growth of every economy and the growth of SMEs (Tee, Boadi, & Opoku, 2016). According to Tee, Boadi, and Opoku, (2016) most of the SMEs are private and they encounter challenges when dealing with the state and its tax administration, especially in developing countries such as Kenya. These challenges are thought to be the shortcomings of poor tax regulation frameworks. They undermine the growth and development of SMEs preventing them from making overseas investment due to the cost incurred in the taxes paid to the governments involved. Tee, Boadi, and
Opoku, (2016) studied tax payments and its effect on SMEs performance. Their findings reveal that taxation bears negatively on SMEs growth. They argue that tax rate influenced prices, and high taxes mean high prices which in the end discourage sell depriving SMEs of income. Consequently, state taxation is bound to influence globalization, with SMEs globalization likely to be discouraged by the high taxes.

In another study on the influence of multiple taxation on SME performance, Adebiisi, and Gbegi, (2013) argue that SMEs are closing up due to tax related problems such as high tax burdens and multiple taxation. They argue that SMEs need a favorable environment to grow through appropriate regulations. According to Adebiisi, and Gbegi, (2013) convenient to avoid heavy taxation on SMEs to allow them enough profit so that they can expand, up to even global markets. Their findings revealed that multiple taxation influence SMEs growth and existence in a negative way. Sound taxation system that are considerate of SMEs should be developed in an effort to support SMEs growth up to international levels.

According Pope, and Abdul-Jabbar, (2008) government regulation, especially taxation is a great worry of the business sector across the globe. International experience shows that regulatory burdens fall excessively on SMEs. Pope, and Abdul-Jabbar, (2008) observe that it is a must for businesses irrespective of size to follow all the applicable regulations including taxation. SMEs investing in the foreign markets will thus have to comply by other regulation as well as the state taxation. Similarly, Hansford, and Hasseldine, (2012) state that regulatory requirements on businesses especially those on SMEs are troublesome and may be a constraint on their development and so success. Accordingly, taxation will very much bear on the globalization of SMEs.

2.5.2 Maintenance of Law and Order

The regulatory framework is set so as to control activities to ensure laws are followed and there is order in everything. The legal and regulatory framework is established in order to define the order of things in the society and define the ways that governments, business and civil societies interact in the country (OECD, 2004). According to Castro, (2011) regulatory framework establishes market conditions e.g. price controls, products requirements, market conditions and agreement terms. It also lays down obligations such as safety measures, environmental control and promotional and labelling. These regulations are meant to control the behavior through business permits and authorization procedure. Certain regulations also control behavior through incentives and penalties that are financial in
nature (Munjeyi, 2017). According to Coglianese, (2012) regulatory framework are establish to observe specific behavior in order to reduce the possible harms or abuse to other business or the environment.

Legal and regulation framework effects is on globalization of SMEs in Kenya that it has ensured that enterprises, whether they are exporting or importing, interact with a streamlined customs administration that is efficient, simple and transparent. This has also seen to it that legislation is gender insensitive i.e. the rule of law and rule of the game apply the same for all owners of SMEs and irrespective of the orientation that one is from as long as it’s operational in the country. Lastly financial sector regulations (banking, insurance, leasing) recognize SME constraints and have introduced appropriate legal and regulatory instruments that enable commonly available SME assets to be used as collateral in the county and this has help improve the rate at which SMEs in Kenya can compete favorably in international trade.

According to Shiffer and Weder (2001) there are size-based rule biases against SMEs, and more so against smaller firms in the microeconomic environment and the SMEs in Kenya are no exception. This include issues like legal and regulatory frameworks by the county government; national governance issues; such as bureaucracy ensure SMEs in Kenya have a fair level playing ground with other bigger firms in the country and internationally. Similarly, Poutziouris & Chittenden, (2003) posit that small businesses are affected by excessive regulation more than the large businesses because they are less capable of dealing with the difficulties of regulations and are not able to spread the overheads of compliance across large-scale business operations. Akinboade, (2014) observes that regulation could be a problem to a business because it entails deviation of limited resources from industrious, profit making operations to the understanding and compliance with the regulations. He further argues that regulations may distort the market, decrease business income, and discourage market entry, innovations, investments and growth in business. All these may negatively impact globalization in business especially SMEs.

The reason why SMEs are hard hit by regulatory framework is due to high costs of compliance. Again SMEs are less resilient to regulatory shocks, uncertainties and miscalculations and lack of regulation experts. Their need to expand may be severely affected by regulations. They face huge costs of administration such as taxes and also regulatory burdens (Akinboade, 2014). Akinboade, (2014) carried out a study about
regulation and the growth and performance of SMEs. He argues the SMEs may be affected by the nature of the regulatory burden due to the fact that regulation may limit business start-up, hamper effective performance and development, and contribute to the failure of a business. The findings of Akinboade, (2014) show that high compliance to customs, trade, health, safety and public regulations greatly impacts business development.

The state plays a significant function in creating markets through guaranteeing their rule of functioning and creating market actors and affecting their strategies (Snyder, 2004). The state laws facilitate smooth operations in their markets; they observe order and dictate solution to problems that might occur in the market. In other states, governments establish distinct support mechanisms such as regulatory measures and tax systems with the purpose of enhancing the environment around small business, which supports their existence, growth and advancement into global competitive enterprises (Poutziouris & Chittenden, 2003). According to Akinboade, (2014) regulation is important in ensuring stable business conditions and establishing levels of trust in business that can benefit development of SMEs.

According to Meyer and Vandenberg, (2013) the policies and standards in the labor market that are part of the legal regulatory framework. In as much as they affect employees, they also impact on the firm investment. This would therefore influence the globalization of businesses, which would consider the labor markets regulations in the countries they wish to invest. Meyer and Vandenberg, (2013) state that the extent of regulation in the labour markets varies between businesses that engage in global trade in contrast to business only operating in the local market. They studied globalization, the regulation of the labor market and organizational behavior. They noted that labour markets regulations are an intervention of the government to safeguard the interest of employees. They are of the opinion that small enterprises because of their less potentials for internal changes and thus they may hurt from regulation in the labor market. According to the findings of their study business that deal in international markets might find that regulation in the labor market is more of a restraint than business operating in the local markets.

Research shows that there is a relationship between legal regulatory framework and growth expansion of a business to new markets, international market included. The study of Shiffer and Weder (2001) shows that indeed regulation affects SMEs. However, they did not consider how this effects relate to SMEs globalization, which is the focus of this study.
Simiyu, Namusonge, and Sakwa, (2016) examined women micro and small enterprise as affected by policy and regulations of the government. They found out no significant relationship between the government policy and regulation and the growth of women micro and small enterprise. Their study, however, only concentrated on women owned micro and small enterprise, and also did take globalization into consideration. This study looked at technology based SMEs in globalization.

The study Tee, Boadi, and Opoku, (2016) concentrated on tax payments and its effect on SMEs performance. Their findings show taxation bears negatively on SMEs growth. Adebisi, and Gbegi, (2013) focused on the influence of multiple taxation on SMEs performance. They found out that multiple taxation influences SMEs growth and existence in a negative way. Both studies only considered regulations on taxation, the current study will look at the entire regulations on business. Akinboade, (2014) examined regulation and the growth and performance of SMEs and found out that high compliance to customs, trade, health, safety and public regulations greatly impacts business development. His study however, did not considered SMEs globalization which is the focus of the current study.

2.6 Chapter Summary
This chapter has reviewed literature on factors that affect globalization of small and medium enterprises (SME’s). Literature has been reviewed according to the objectives that the study pursued, which included three factors that influence SMEs globalization. These factors are technology, financial resources and legal and regulatory framework.

First, literature has shown that globalization in SMEs is indicated by greater flow of goods, services, capital and information across international boundaries. SME that have expanded into the international market are involved in a lot of business transaction that span across its national boundaries. Business resources are more transferable and mobile beyond borders as a result of globalization due to the lowering of sharing costs, new and more significant niche markets, improved access to finance and new ways of spreading risk.

Again the globalization in SMEs is also demonstrated in the SMEs great participation in emerging market economies. Globalization provides SMEs with the opportunities of global trade as a result of integrating them with global chains of production at various stages. Globalization provide linkages that present small firms with highest growth potential and
access to international markets, finance, management skills and knowledge and engagements in mutually beneficial relationships.

Globalization in SMEs is influenced by technology, financial resources and legal regulatory framework. An SME that has the latest and emerging technology is able to utilize the technology in facilitating communication to foreign markets and research to foreign markets. This provides the SMEs with a chance of finding prospective opportunities in the foreign markets and strategizing on how to enter the foreign markets. Financial resources is the other factor that influence SMEs globalization. Financial resources are necessary to carry out investment in the foreign market finance is needed specifically for hiring and retaining staff to carry out the functions of the business in the foreign market such as sales and marketing. Money is also needed for establishing the business in the new market, through advertisement and paying for the tariffs charged in the respective markets.

Legal regulatory framework is also another factor that influences globalization of SMEs. The taxation involved in foreign market will greatly affect the operations of the business in the foreign markets. The burden of state taxation is more severe to small business, majorly due to the small or lack of access to formal finance. High state taxation is discouraging to the expansion of SMEs and establishment of new ones. Regulatory framework establishes market conditions e.g. price controls, products requirements, market conditions and agreement terms. It also lays down obligations such as safety measures, environmental control and promotional and labelling. These regulations are meant to control the behavior through business permits and authorization procedure. They therefore affect how business is conducted.
CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction
This section explains the context that this research was carried out in. It is broken down into six parts that include: research design, population and sampling method, data collection technique, research procedure and data analysis. The aim of the study was to establish the factors affecting globalization of small and medium enterprises in Nairobi.

3.2 Research Design
A research design is a structure that is used to carry out a study so as to attain the desired outcome. It is appropriately selected by a researcher in relation to the objectives of their respective study. A number of research designs exist, varying from descriptive research, observational research, exploratory research, causal and experimental research (Kombo & Tromp, 2012). These designs are suited research of different nature. According to this research that was meant to provide a description of the state of SME study and relationship with its environment, descriptive research was the appropriate design to accomplish. Ingham-Broomfield, (2015) notes that the suitability of a descriptive study in carrying out a research on a subject is that it facilitates one to acquire a vivid description of the subject by bringing out an understanding of the subject of study and its relationship with other factors that interact with it. A descriptive study offers information on how technology, financial resources and the legal regulatory framework influence globalization of SMEs in the IT trade industry.

3.3 Population and Sampling Technique

3.3.1 Population
A population is the sum of a group that a researcher uses to generalize conclusions based on the research findings. In order to select the study population, one must consider the study purpose or objectives. This will enable a suitable population to be selected in relation to a study area and restriction to a specific group such as job occupation, age or even sex (Banerjee, & Chaudhury, 2010). According to Shaw, (2012) one has to put some consideration in deciding on the study population. The consideration includes the accessibility of the population, the collection of data and more significantly, the extent of the relationship between the study subjects and the population. This study population was therefore defined as the SMEs operating in Nairobi in the IT trade industry. The SMEs
operating in the international markets were investigated. The study involved SMEs with international market presences, those who import or export their product. The SMEs managers were involved directly in responding to the study questionnaire. There are 103 SMEs in the IT trade industry, operating in Nairobi according to the Kenyan Business Directory of 2017. These were sampled to provide a representative number to participate in the study.

3.3.2 Sampling Design
Sampling design is the structure that forms the basis of selecting of a study sample Lavrakas, (2008). A sample design is critical for selecting an appropriate study sample to provide a sample that is objective and not biased. Sampling design includes a sampling frame and a sampling technique that helps the researcher to come up with a sample size. These are discussed in the following sections.

3.3.2.1 Sampling Frame
A sampling frame is a complete record that has the entire components of which the study sample is taken. Saunders, Lewis, Thornhill, Hair, and Babib, (2008) define a sampling frame as the total number of subjects upon which a fraction is taken as the sample to participate in a study. The sampling frame ought to be inclusive with a true reflection of the whole population from which it is extracted. The sampling frame for this study was the record of SMEs operating in the Nairobi. It was obtained from the, Kenyan Business Directory website.

3.3.2.2 Sampling Technique
This study used the stratified random sampling technique. The study population was divided into groups, referred to as strata, the strata were defined in regard to business location in three market areas in Nairobi, which are Ngara Market, Muthurwa Market and Nairobi CBD. These groups were allocated proportional size in the sample size. The simple random sampling technique was then used to select samples from the strata, this involved choosing subjects for the study at chance from the strata (Quinlan, 2011). This gave every element in the sampling frame an equal opportunity to appear as a sample for the study. This sampling method as perceived by Cooper and Schindler (2014) was applied in this study so that the entire population could have an equal opportunity of participating in the study and thus findings could be generalized to the population. Researchers divided the study population according to their business location in the three market areas in Nairobi,
namely, Ngara Market, Muthurwa Market and Nairobi CBD. These formed the strata from which individual be included in the study sample were selected at random.

3.3.2.3 Sample Size
A sample is a fraction of an entire population of study that is used in the study to draw conclusions for the whole population (Sandelowski et al. 2013). In order for the researcher to draw accurate inferences, sample size selected for the study should be representative, in that every individual in the population stands an equivalent and mutually exclusive chance of being picked upon for participating in the study (Banerjee, & Chaudhury, 2010). Samples are normally used in a study that has a large population so as to estimate the characteristics of the whole population (Saunders et al., 2008).

Using a sample size that is not less than 10% of the study population provides reliable results but one has also to ensure this sample is well chosen (Kotler et al., 2017). This study sampled 60% equaling to 62 respondents of the population which was above the 10% recommends by Kotler et al., (2017). These respondents were able to provide a broad perception of the population. The sample distribution is shown in table 3.1

Table 3.1: Sample Distribution

<table>
<thead>
<tr>
<th>Business Location</th>
<th>Population</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi CBD</td>
<td>53</td>
<td>38</td>
<td>62%</td>
</tr>
<tr>
<td>Ngara Market</td>
<td>25</td>
<td>12</td>
<td>19%</td>
</tr>
<tr>
<td>Muthurwa Market</td>
<td>25</td>
<td>12</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>103</td>
<td>62</td>
<td>100</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods
This study used both primary data and secondary data. Primary data was collected from participants in the field while secondary data was collected from information publications such as books and journal articles. The study used structured questionnaire to collect primary data. It is advisable to use structured questionnaire to prevent misconception of the idea of study, while at the same time it is deemed appropriate for descriptive research because it allows the researcher to investigate perception of participants on the variable of study (Cooper & Schindler, 2014).
The questionnaire items were constructed from the research objectives while it also contained questions to capture respondents’ demographic data. The first part contained the demographic questions, the second part captured influence of technology on SMEs globalization, the third part captured influence of financial resources on SMEs globalization, the fourth part captured influence of regulatory framework on SMEs globalization. The last part contains questions on the state of SMEs globalization. These formed the data that was analyzed and interpreted.

3.5 Research Procedures

This research was carried out in an orderly manner in order to attain its purpose and ensure reliable data collection and analysis. First, an introductory letter was obtained from the Chandaria School of Business in USIU-A. This letter enabled the researcher to seek consent from the county council of Nairobi and entrepreneurs running SMEs in Nairobi who were the respondents for the study. Following their approval and acceptance to participate in the study the researcher first involved 10 respondents in a pilot study. The pilot study results were used to readjust the questions in the questionnaire to ensure they collect accurate information.

The actual study followed the pilot study after the review of the questionnaire. The questionnaire during the actual study were dropped to respondents at their convenience. They were given 1 day to fill the questionnaire and the researcher revisited them to collect the completed questionnaires the next day. The researcher took 5 days to collect data from all the respondents of the study. This enabled a high response rate because the respondents had a whole day to respond to the questionnaire. The researcher further, informed the respondents how the data would be used and the confidentiality of their info and that participation would be voluntarily. This facilitated collaboration from the participants and also ensured the researcher remained ethical by using the data only for the intended academic purpose.

3.6 Data Analysis Methods

This study collected quantitative data from the participants. The data was analyzed statistically through both descriptive and inferential statics. It was first cleaned and coded in preparation for data entry into Statistical Package Social Sciences (SPSS), and then entered in SPSS prior to analysis. Descriptive analysis was performed by calculating the average scores and standard deviation values of the field data. This enabled the researcher
to describe, illustrate and summarize the large quantity of collected data in a significant way. Inferential statistics involved regression analysis that was done to assess the relationship of the study variables. Multiple linear regression was done to study the effect of technology, financial resources and legal regulatory framework on SMEs globalization in Nairobi. Regression helps to test the relationship between variables in a study and measure the strength of this relationship. The data was presented in figures and tables.

The regression equation used is represented below:

\[ y = a + b_1x_1 + e \]

- \( y \) = dependent variable
- \( a \) = constant value
- \( b \) = slope of the regression line
- \( x_1 \) = independent variable
- \( e \) = the error term

3.7 Chapter Summary

This chapter has defined the methodology used in the study. The section has discussed the study design, the target population, sampling design, technique and sample size used. In addition, the section has discussed the process by which data was collected and the procedures used and lastly the data analysis technique. Chapter four present findings on data collected based on the study objectives in form of figures and tables. Chapter five presents the summary, discussion, conclusion and recommendation.

The research used a descriptive design which addressed the research objectives by providing a description of the real situation on the ground. The study population was SMEs in the IT trade industry around Nairobi; there are a total of 103 SMEs in this sector. The SMEs managers formed the respondents of this study. The sample size was 60 SMEs selected through stratified random sampling. Data was collected through questionnaire via a drop and pick method. Data analysis was carried out through SPSS through descriptive and inferential statistics. The research findings are represented in the form of graphs charts and tables.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study in relation to the study objectives. The results provided here include demographic information of the respondents, descriptive statistics and inferential statistics in line with the study objectives. The study objectives include influence of technology on SMEs globalization, influence of financial resources on SMEs globalization and influence of the legal and regulatory framework on SMEs globalization. This study distributed a total of 62 questionnaires, 50 questionnaires were duly filled and returned, thus achieving a response rate of 81% which was appropriate to proceed with the analysis.

4.2 General Information
This part presents findings on the general information of the respondents in the study and their enterprise. The information includes, respondents’ sex, age, academic qualification, length of time the business has been running, business ownership, scope of the business and plans for globalization. These information were sought to ensure the right respondents were selected for the study and thus could provide the needed information in the study.

4.2.1 Sex of the Respondents
This study sought to find out the sex of the respondents in order to examine the gender balance in the respondents. Study findings show that 75% of the respondents were male and 25% were female. This shows majority of the respondents were male.

4.2.2 Age of the Respondents
The study also sought to find out the age brackets of the respondents in order to ascertain the distribution of the respondents across different age brackets. Results show that 39% of the respondents were 22-35 years old; 30% were 36-45 years old; 17% were below 21 years old; and 14% were 46-55 years old. This is an indication that the majority of IT based SMEs are run by youth of around 22-35 years of age.

4.2.3 Academic Qualification
This study sought to find out the academic qualification of respondents in order to ascertain their literacy level. Findings show that 67% of the respondents had a bachelors’ degree,
25% had a diploma certificate and 8% had a masters’ degree. This means that majority of those who run IT based SMEs have a bachelors’ degree.

4.2.4 Length of time the Business has been Operation
This study also sought to find out the length of time the business had been in operation in order to ascertain their experience. Results show that 67% of the respondents’ business had been running for 1-5 years; 16% had been running for 6-10 years; and 17% had been running for less than a year. This means that most of the businesses had been in operation for 1-5 years.

4.2.5 Business Ownership
This study sought to examine the ownership of businesses participating in the study in order to ascertain the people responsible of the business. Findings revealed that 81% of the SMEs sampled in the study were owned under sole proprietorship and 19% were owned under partnership. This means that majority of the SMEs in the study were owned by a single individual.

4.2.6 Scope of Business Operation
This study examined the scope of business operation in order to establish the extent of globalization among the respondent businesses. Results show that 67% of the SMEs involved in globalization trade extended their operations regionally and 33% extended their operations internationally. This shows most of the SMEs operating on a global scale only extended to the regional extend.

4.2.7 Strategic Plan for Globalization
Further, the study sought to find out if the respondents who were not globalized had a strategic plan for globalization. This was in order to establish if respondents want to globalize their businesses or not. Result show that 67% of SMEs that had not yet expanded to global business did not have prospects of going global in their strategic plan. On the other hand, 33% of SMEs that had not yet expanded to global business did have prospects of going global in their strategic plan.

4.2.8 Correlation between Respondents’ Background Information
This study carried out correlation analysis on the background information of the respondents. This enabled the study to find out if there was any association between the respondents’ characteristics. Table 4.1 below presents the correlation matrix illustrating the
correlation of the respondents’ characteristics. According to the results, only respondents’ age and scope of operations show a significant strong relationship, even though this relationship was on a negative side, \( r = -0.632, p=0.027 < 0.05 \).

**Table 4.1: Correlation between Respondents’ Background Information**

<table>
<thead>
<tr>
<th></th>
<th>Sex</th>
<th>In relation to business ownership, in what category is your business</th>
<th>Age</th>
<th>Academic Qualification</th>
<th>How long has your business been running</th>
<th>Does the scope of your company operation extend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sex</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.211</td>
<td>0.511</td>
<td>1.000</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.258</td>
<td>0.418</td>
<td>0.588</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>In relation to business ownership, in what category is your business</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.174</td>
<td>0.495</td>
<td>0.101</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.387</td>
<td>0.397</td>
<td>1.000</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.387</td>
<td>0.214</td>
<td>1.000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.306</td>
<td>0.333</td>
<td>1.000</td>
<td>1</td>
</tr>
<tr>
<td><strong>Academic Qualification</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.387</td>
<td>0.270</td>
<td>1.000</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.306</td>
<td>0.306</td>
<td>1.000</td>
<td>0.306</td>
</tr>
<tr>
<td><strong>How long has your business been running</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.632*</td>
<td>0.107</td>
<td>0.333</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.742</td>
<td>0.333</td>
<td>0.333</td>
<td>1</td>
</tr>
<tr>
<td><strong>Does the scope of your company operation extend</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td>-0.194</td>
<td>-0.632*</td>
<td>0.107</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>-0.546</td>
<td>0.742</td>
<td>0.333</td>
<td>1</td>
</tr>
</tbody>
</table>

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

In summary, finds on the background information have shown that majority of the respondents were male, (75%) and females were only 25%. Again results show that most of the respondents were 22-35 years old, 39% while (30%) were 36-45 years old, 17% were below 21 years old and 14% were 46-55 years old. In addition, results show that most of the respondents, (67%) had had a bachelors’ degree while 25% had a diploma certificate and 8% had a masters’ degree. In addition, findings show that most of the businesses, (67%) had been running for 1-5 years and 16% had been running for 6-10 years, and 17% had been running for less than a year. Most of the businesses, 81% were found to be solely
owned and 19% were owned under partnership. Majority of the SMEs, (67%) were operating regionally while 33% had extended their operations internationally. Results also show that most of the SMEs at 67% that had globalized did not consider globalization in their strategic plan and 33% of them had plans for globalization. Again the correlation analysis on background information show that only sex and scope of business had a significant relationship which was negative. The next section presents descriptive and inferential findings in relation to the study variables, starting with globalization in SMEs.

4.3 Globalization of SMEs
This study sough to examine globalization in SMEs in order to ascertain the extent to which SMEs in Kenya in the ICT sector had globalized their operations. In order to examine globalization, it was conceptualized into two constructs that included, movement of goods, capital, services and information; and greater participation in the emerging market economies. These constructs were useful in measuring globalization among SMEs in a broad perspective. These constructs were examined among SMEs using questions of a Likert nature with the scale ranging from 1-5, where 1 was Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. The next sections provide the findings obtained on these constructs, starting with the general view of globalization.

4.3.1 The Globalization of SMEs
The current study first examined globalization of SMEs on a general perspective so as to understand globalization on today’s perspective. The information sought under this construct included: foreign market competition, local and global competition, finding markets outside the country, technology, financial resources and business tariffs. Information on these items was collected through a Likert scale of 1-5, with 1 as Strongly agree, 2 as agree, 3 neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages that helped to draw inferences. The findings are discussed in the next sub-section.

4.3.1.1 Foreign Competition
This study sought to find out if there were foreign competitors in the local market. Results show that 41.7% of the respondents strongly agreed, 25% agreed, 16.7% disagreed and 8.3% strongly disagreed, that there are a lot of foreign competitors in their local market. There were 8.3% who were neutral. Table 4.2 illustrates these results.
4.3.1.2 Locally and Global Competition

This study sought to find out if SMEs were forced to compete both locally and globally. Results show that 50% of the respondents strongly agreed, 16.7% agreed and also 16.7% disagreed that they are forced to compete locally and globally. There were still 16.7% respondents who were neutral and there was no one who strongly disagreed. These findings are shown in Table 4.2.

4.3.1.3 Finding Markets outside the Country

This study sought to find out if SMEs had gone outside the country to find new market space. Results show that 40% of the respondents agreed, 30% strongly agreed while 10% disagreed and another 10% strongly disagreed that they have gone outside their country to find new market space. There were also 10% respondents who were neutral. The findings are shown in Table 4.2.
4.3.1.4 Technology
This study sought to find out whether technology had enabled SMEs to expand their business operations across borders. Results show that 45.5% of the respondents strongly agreed, 36.4% agreed and 9.1% strongly disagreed that technology had enabled them expand their business operations across borders. There were however 9.1% respondents who remained neutral while no one disagreed. The findings are shown in Table 4.2.

4.3.1.5 Financial Resources
This study sought to find out whether financial resources had enabled SMEs to expand their business operations across borders. According to the results 33.3% of the respondents strongly agreed and again 33.3% agreed while 16.7% disagreed and 16.7% strongly disagreed that availability of financial resources had enabled them to expand their business operations across borders. 8.3% of the respondents remained neutral. The findings are presented in Table 4.2.

4.3.1.6 Business Tariffs
This study sought to find out whether affordable tariffs enabled SMEs to move goods across borders. Results show that 54.5% respondents agree, 36.4% strongly agreed and 9.1% strongly disagreed that affordable tariffs enabled them to trade/move goods across borders. There were no respondents who disagreed or remained neutral on this item. The results are shown in Table 4.2.

According to the results shown in table 4.2, 66.7% of the respondents agreed and 25% disagreed that there are a lot of foreign competitors in their local market. In addition, 66.7% of the respondents agreed while 16.7% disagreed and 16.7% were neutral that they are forced to compete locally and globally. Again, 70% of the respondents agreed and 10% disagreed and 10% were neutral that they have gone outside their country to find new market space. In addition, 81.9% of the respondents agreed, 9.1% disagreed and 9.1% remained neutral that technology had enabled them expand their business operations across borders. Further, 66.6% of the respondents agreed, 33.4% disagreed and 8.3% remained neutral that availability of financial resources had enabled them to expand their business operations across borders. Additionally, 90.9% respondents agreed and 9.1% disagreed that affordable tariffs enabled them to trade/move goods across borders. The next section presents findings on movements of goods, capital, services and information.
4.3.2 Movement of Goods, Capital, Services and Information

This study examined the globalization of SMEs in relation to movement of goods, capital, services and information. This information helped to ascertain the cross border movement of goods, capital, services and information that characterized globalization. The information sought under this construct included: trade with the outside world, barriers to international trade, freedom of finance, learning from international markets, partnerships and gaining more consumers. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages so as to draw inferences. The findings are discussed in the next sub-section.

4.3.2.1 Trade with the Outside World

This study sought to find out if business had opportunities to trade with the outside world. Results show that when respondents were asked whether globalization had given them the opportunity to trade with the outside world, those who strongly agreed, agreed and remained neutral were each 25% of the respondents. Those who disagreed and strongly disagreed were 16.7% and 8.3% respectively. The findings are shown in Table 4.3.
Table 4.3: Movement of Goods, Capital, Services and Information

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>agree</th>
<th>Neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization has given me the opportunity to trade with the outside world</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>16.70%</td>
<td>8.30%</td>
<td>100%</td>
</tr>
<tr>
<td>There is reduced barriers to international trade</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>The removal of internal barriers has led to freedom of finance in our markets</td>
<td>18.20%</td>
<td>36.40%</td>
<td>36.40%</td>
<td>0%</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>I am able to learn new skills and knowledge from the international markets</td>
<td>8.30%</td>
<td>41.70%</td>
<td>33.30%</td>
<td>8.30%</td>
<td>8.30%</td>
<td>100%</td>
</tr>
<tr>
<td>I have enhanced partnerships as facilitated with the transfer of information and communication</td>
<td>25%</td>
<td>58.30%</td>
<td>16.70%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have gained a superior position which enables me to gain more consumers</td>
<td>33.30%</td>
<td>33.30%</td>
<td>16.70%</td>
<td>8.30%</td>
<td>8.30%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3.2.2 Barriers to International Trade

This study sought to find out whether there was reduced barriers to international trade. Results revealed that 50% respondents strongly agreed and 25% agreed that there was
reduced barriers to international trade. Another 25% of the respondents were neutral while disagree nor strongly disagreed to this. Results are highlighted in table 4.3.

4.3.2.3 Freedom of Finance
This study sought to find out whether the removal of internal barriers led to freedom of finance in the markets. Findings show that 36.4% of the respondents agreed, 18.2% strongly agreed and 10% strongly disagreed that the removal of internal barriers has led to freedom of finance in their markets. There were 36.4% of the respondents who were neutral while no one disagreed. These results are shown in table 4.3.

4.3.2.4 Learning from International Markets
This study sought to find out if respondents were able to learn new skills and knowledge from the international markets. Results show that 41.7% of the respondents agreed, 8.3% strongly agreed and also 8.3% disagreed and similarly another 8.3% strongly disagreed that they are able to learn new skills and knowledge from the international markets. There were 33.3% who remained neutral. These results are shown in table 4.3.

4.3.2.5 Partnerships
This study sought to find out if respondents enhanced their partnerships as facilitated with the transfer of information and communication. Results show that 58.3% of the respondents agreed and 25% strongly agreed that they had enhanced partnerships as facilitated with the transfer of information and communication. There were 16.7% respondents who remained neutral and no one disagreed or strongly disagreed. Results are shown in table 4.3.

4.3.2.6 Gaining More Consumers
This study sought to find out if SMEs had gained a superior position which enabled them gain more consumers. Results show that those who agreed and strongly agreed were each 33.3% while those who disagreed and strongly disagreed were also each 8.3% and 16.7% were neutral. The findings are shown in table 4.3.

Findings presented in table 4.3 above show that 50% of the respondents agreed, 25% disagreed and 25% were neutral that globalization had given them the opportunity to trade with the outside world. Results also show that 75% of the respondents agreed and 25% were neutral that there was reduced barriers to international trade. In addition, findings show that 54.6% of the respondents agreed, 10% disagreed and 36.4% were neutral that the removal of internal barriers has led to freedom of finance in their markets. Results also
show that 50% of the respondents agreed, 16.6% disagreed and 33.3% remained neutral that they are able to gain new skills and knowledge from the international markets. Again findings show that 83.3% and 16.7% remained neutral. Further, 66.6% of the respondents agreed, 16.6% disagreed and 16.7% were neutral that they had gained a superior position which enabled them to gain more consumers. The next section presents findings on SME’s greater participation in the emerging market economies.

4.3.3 Greater Participation in the Emerging Market Economies
This study examined the globalization of SMEs in relation to greater participation in the emerging market economies. This information helped to establish the involvement of SMEs in the new markets that are emerging on the international scene. The information sought under this construct included: offshore outsourcing; participation in the global value chain; information flow; learning opportunity; technology transfer; and understanding the global context. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2-agree, 3-neutral, 4-disagree and 5-strongly disagree. Information gathered was then computed in percentage that helped to draw inferences. The findings are discussed in the next sub-section.

4.3.3.1 Offshore Outsourcing
This study sought to find out if SMEs at times outsourced secondary business activities from offshore to gain competitive advantage. When respondents were asked if they sometimes outsource secondary activities to their business from offshore to gain a competitive advantage, those who agreed, disagreed and those who remained neutral were each represented by 25%. Those who strongly agreed were 16.7% and those who strongly disagreed were 8.3%. Results are shown in table 4.4.
### Table 4.4: Greater Participation in the Emerging Market Economies

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I sometimes outsource secondary activities to my business from offshore to gain a competitive advantage</td>
<td>16.7%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>I have been able to participate in the global value chain which has enhanced internationalization and growth in my business</td>
<td>8.3%</td>
<td>33.3%</td>
<td>33.3%</td>
<td>25.0%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>My business has greatly benefited from information flow across our markets</td>
<td>33.3%</td>
<td>58.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>I have had greater learning opportunity in the area of my business</td>
<td>25.0%</td>
<td>58.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>My business has gained a lot from technology transfer across the global markets</td>
<td>27.3%</td>
<td>45.5%</td>
<td>18.2%</td>
<td>0.0%</td>
<td>9.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>I am able to understand the evolving global context which has enabled me device successful market strategies</td>
<td>8.3%</td>
<td>66.7%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### 4.3.3.2 Participation in the Global Value Chain

This study sought to find out if SMEs had been able to participate in the global value chain that enhanced internationalization and growth in their business. Results show that 33.3%
of the respondents agreed, 8.3% strongly agreed and 25% disagreed that they had been able to participate in the global value chain which had enhanced internationalization and growth in their business. There 33.3% respondents who remained neutral. The findings are shown in table 4.4 below.

4.3.3.3 Information Flow
This study sought to find out if SMEs had greatly benefited from information flow across their markets, Findings show that 58.3% of the respondents agreed, 33.3% strongly agreed and 8.3% strongly disagreed that their business had greatly benefited from information flow across their markets. There were no respondents who were neutral or disagreed with this. Results are shown in table 4.4 above.

4.3.3.4 Learning Opportunity
This study sought to find out whether respondents had greater learning opportunity in the area of their business. Findings show that 58.3% of the respondents agreed, 25% strongly agreed and 8.3% strongly disagreed that they had greater learning opportunity in the area of their business. There were 8.3% who were neutral while no one disagreed. The results are shown in table 4.4.

4.3.3.5 Technology Transfer
This study sought to find out if the SMEs had gained a lot from technology transfer across the global markets. Results show that 45.5% of the respondents agreed, 27.3% strongly agreed and 9.1% strongly disagreed that their business had gained a lot from technology transfer across the global markets. However, 18.2% of the respondents were neutral and there was no one who disagreed. Results are shown in table 4.4.

4.3.3.6 Understanding the Global Context
This study sought to find out whether respondents understood the evolving global context to enable them device successful market strategies. Results show that 66.7% of the respondents agreed, 8.3% strongly agreed and another 8.3% disagreed that they are able to understand the evolving global context which enabled them device successful market strategies. There were 16.7% of the respondents who remained neutral while no one strongly disagreed. The results are shown in table 4.4.

Findings in table 4.4 above show that, 41.7% of the respondents agreed, 33.3% disagreed and 25% were neutral that they sometimes outsource secondary activities to their business
from offshore to gain a competitive advantage. Results also show that 41.6% of the respondents agreed, 25% disagreed and 33.3% were neutral that they had been able to participate in the global value chain which had enhanced internationalization and growth in their business. Findings also show that 81.6% of the respondents agreed and 8.3% strongly disagreed that their business had greatly benefited from information flow across their markets. In addition, findings show that 83.3% of the respondents agreed, 8.3% disagreed and 8.3% also were neutral that they had greater learning opportunity in the area of their business. Further, findings show that 72.8% of the respondents agreed, 36.4% and 18.2% were neutral that their business had gained a lot from technology transfer across the global markets. In addition results also show that 75% of the respondents agreed, 8.3% disagreed ad 16.7% were neutral that they are able to understand the evolving global context which enabled them device successful market strategies.

4.3.4 Correlation between SMEs Globalization and Demographic Characteristics

This study sought to find out if there was any association between the demographic characteristics of the respondents and SMEs globalization items. This was meant to establish if at all demographic characteristics had a relationship with some of the globalization factors. According to findings, the item; my business has greatly benefited from information flow across our markets; had a significant positive relationship with sex, r=.603, p<.038. This item had also a positive relationship with age though it was not significant, r=.180, p>.576. It however had a negative relationship with academic qualifications which was also insignificant, r=-.121, p>.708.

On the other hand, the item, I have had greater learning opportunity in the area of my business had a significant positive relationship with sex, r=.696, p< .012. Again this item had a positive relationship with age though insignificant, r=.036, p<.912. Again it had an insignificant negative correlation with academic qualification, r= -.024, p> 940. Further, the item, I am able to understand the evolving global context which has enabled me device successful market strategies had a positive significant relationship with sex, r=.867, p<.000. This item had however a negative insignificant relationship with age, r= -.155, p>.631. It also had an insignificant negative relationship with academic qualification, r= -.313, >.321. These results show that only gender had a meaningful positive relationship with some of the globalization factors. The results are provided in table 4.5.
Table 4.5: Correlation between SMEs Globalization and Demographic Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Sex</th>
<th>Age</th>
<th>Academic Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>My business has greatly benefited from information flow across our markets</td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.603*</td>
<td>.180</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.038</td>
<td>.576</td>
</tr>
<tr>
<td>I have had greater learning opportunity in the area of my business</td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.696*</td>
<td>.036</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.012</td>
<td>.912</td>
</tr>
<tr>
<td>I am able to understand the evolving global context which has enabled me to devise successful market strategies</td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.867**</td>
<td>-.155</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.631</td>
</tr>
</tbody>
</table>

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

Findings on this variable show that SMEs have embraced globalization in their operations, and that SMEs in their local markets were faced with foreign competition. The SMEs also sought markets outside their country and thus expand their business operations across borders. Under movement of goods, capital, services and information, findings show that SMEs traded with the outside world and they were learning from international markets, partnerships and gaining more consumers. Under greater participation in the emerging market economies, findings show that SMEs engaged in offshore outsourcing, participated in global value chain, experienced technology transfer and understood the global context. The next part presents the influence of technology on globalization.

4.4 Influence of Technology on Globalization of SMEs

Technology was one of the factors that was thought to influence globalization in SMEs. It represents the knowledge and/or technique of doing things in the business. Technology was examined in order to understand how SMEs were using technology to facilitate their global
operations and the effects that this brought to SMEs globalization. Technology was constructed to three constructs in this study that included, technology on broad perspective, foreign markets communication and foreign market research. The next sections provide the findings obtained on these constructs starting with the general perspective of technology.

4.4.1 Technology and Globalization of SMEs
Technology was first examined on a general perspective and the influence it had on globalization of SMEs. This was meant to capture a general view of technology and its influence on SME globalization. The information sought under this construct included: cooperation with stakeholders; efficient operation; removing physical barriers; removing physical barriers; innovative transactions, reduction in transactional costs; business expansion; access to long distance market; and increased production. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages that helped to draw inferences. The findings are discussed in the next sub-section.

4.4.1.1 Cooperation with Stakeholders
This study sought to find out whether technology had facilitated business cooperation with stakeholders in the international markets. Results show that 75% of the respondents strongly agreed and 16.7% agreed that technology had facilitated their business cooperation with stakeholders in the international markets. There were 8.3% respondents who remained neutral while there was no one who disagreed or strongly disagreed. Results are shown in table 4.6.
Table 4.6: Technology and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology has facilitated my business cooperation with stakeholders in the international markets</td>
<td>75%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology has enabled my business to operate efficiently in the international markets</td>
<td>75%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology has enabled my businesses to search the world for opportunities by removing physical barriers</td>
<td>50%</td>
<td>25%</td>
<td>25%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology has brought innovative transactions such e-business to my business</td>
<td>75%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology adoption for my business has reduce transaction costs</td>
<td>75%</td>
<td>25%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology has helped expand the scale of my business</td>
<td>72.7%</td>
<td>18.2%</td>
<td>9.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Information technology has helped my business to access long distance located market in a reduced time</td>
<td>75%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Information technology has increased the production in my business</td>
<td>75%</td>
<td>16.7%</td>
<td>0%</td>
<td>8.30%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.1.2 Efficient Operation

This study sought to find out whether technology had enabled businesses to operate efficiently in the international markets. Results show that 75% of the respondents strongly agreed and 16.7% agreed that technology had enabled their business to operate efficiently in the international markets. There were 8.3% of the respondents who were neutral while no one disagreed or strongly disagreed. Results are shown in table 4.6.

4.4.1.3 Removing Physical Barriers

Furthermore, the study sought to find out if technology had enabled businesses to search the world for opportunities by removing physical barriers. Results show that 50% of the respondents strongly agreed and 25% agreed that technology had enabled their businesses to search the world for opportunities by removing physical barriers. There were 25% who
remained neutral while no one disagreed nor strongly disagreed. Results are shown in table 4.6.

4.4.1.4 Innovative Transactions
The study sought to find out whether technology had brought innovative transactions such as e-business to business. Results show that 75% of the respondents strongly agreed and 16.7% agreed that technology had brought innovative transactions such e-business to their business. There were 8.3% who remained neutral and no one disagreed nor strongly disagree. Results are shown in table 4.6.

4.4.1.5 Reduction in Transactional Costs
This study also sought to find out whether technology adoption for businesses had reduced transaction costs. Results show that 75% of the respondents strongly agreed and 25% agreed that the technology they adopted for their business had reduce their transaction costs. However, no respondents disagreed, strongly disagreed or remained neutral. Results are shown in table 4.6.

4.4.1.6 Business Expansion
This study sought to find out whether technology had helped expand the scale of businesses. Results show that 72.7% of the respondents strongly agreed and 18.2% agreed that technology had helped expand the scale of their business. No one disagreed or strongly disagreed. The findings are shown in table 4.6.

4.4.1.7 Access to Long Distance Market
This study sought to find out if information technology had helped business to access long distance markets in reduced time. Results show that 75% of the respondents strongly agreed and 16.7% agreed that information technology had helped their business to access long distance located market in a reduced time. There were 8.3% respondents who remained neutral while no one disagreed or strongly disagreed. These results are in table 4.6.

4.4.1.8 Increased Production
This study sought to find out whether information technology had increased the production in businesses. Results show that 75% of the respondents strongly agreed, 16.7% agreed and 8.3% disagreed that Information technology has increased the production in my business. There was no one who was neutral or strongly disagreed. Results are shown in table 4.6.
Findings here have shown that 91.7% of the respondents agreed and 8.3% were neutral that technology had facilitated their business cooperation with stakeholders in the international markets. 91.7% of the respondents agreed and 8.3% were neutral that technology had enabled their business to operate efficiently in the international markets. In addition, findings show that 75% of the respondents agreed and 25% remained neutral that technology had enabled their businesses to search the world for opportunities by removing physical barriers. Findings show that 91.7% of the respondents agreed and 8.3% were neutral that technology had brought innovative transactions such as e-business to their business. Results also show that 100% of the respondents agreed that technology adoption for their business had reduce transaction costs. Again findings show that 100% of the respondents agreed that technology had helped expand the scale of their business. Results also show that 91.7% of the respondents agreed and 8.3% were neutral that information technology had helped their business to access long distance located market in a reduced time. Lastly, results show that 91.7% of the respondents agreed and 8.3% disagreed that information technology has increased the production in my business. The next section presents findings on foreign markets communication.

4.4.2 Foreign Markets Communication
This study examined technology in relation to foreign marketing communication. This construct assessed how SMEs used technology to facilitate their communication with the international markets. This helped to ascertain if there was any communication between SMEs and international markets. The information sought under this construct included, foreign market developments; market relationships; informing customers of new products; effective communication with markets; business advertisement; and communication revolution in the business. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages that helped to draw inferences. The findings are discussed in the next sub-section.

4.4.2.1 Foreign Market Developments
This study sought to find out whether technology had enable respondents stay in touch with foreign market developments. Results show that 75% of the respondents strongly agreed and 16.7% agreed that they are able to stay in touch with foreign market developments.
There were 8.3% respondents who were neutral and no one disagreed nor strongly disagreed. Results are shown in table 4.7.

Table 4.7: Foreign Markets Communication

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am able to stay in touch with foreign market developments</td>
<td>75%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>ICT has helped my business in creating and sustaining market relationships</td>
<td>91.7%</td>
<td>8.3%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Technology has enabled me to constantly inform my customers of new products in my business</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have an effective communication with my markets through the fast and precise communication offered by technology</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Computerized information systems have enhanced business advertisement</td>
<td>83.3%</td>
<td>16.7%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Mobile communication and connectivity has revolutionized communication in my business</td>
<td>83.3%</td>
<td>16.7%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.2.2 Market Relationships

This study also sought to find out whether technology had enabled business to create and sustain market relations. Results show that 91.7% of the respondents strongly agreed and 8.3% agreed that ICT had helped their business in creating and sustaining market relationships. There was no one who was neutral or who disagreed and strongly disagreed. The results are shown in table 4.7.

4.4.2.3 Informing Customers of New Products

This study sought to find out if technology had enabled business to constantly inform their customers of new products. Results show that 75% of the respondents strongly agreed and 25% agreed that technology had enabled them to constantly inform their customers of new products in their business. No one disagreed or strongly disagreed with this and also no one was neutral. The results are shown in table 4.7.
4.4.2.4 Effective Communication with Markets
This study sought to find out whether respondents had an effective communication with their markets through the fast and precise communication offered by technology. Findings show that 75% of the respondents strongly agreed and 25% agreed that they had an effective communication with their markets through the fast and precise communication offered by technology. No one disagreed or strongly disagreed with this and also no one was neutral. The results are shown in table 4.7.

4.4.2.5 Business Advertisement
This study sought to find out whether computerized information systems have enhanced business advertisement. Results show that 83.3% of the respondents strongly agreed and 16.7% agreed that computerized information systems had enhanced business advertisement. No one disagreed or strongly disagreed with this and also no one was neutral. Results are shown in table 4.7.

4.4.2.6 Communication Revolution in the Business
This study sought to find out whether mobile communication and connectivity had revolutionized communication in businesses. Findings show that 83.3% of the respondents strongly agreed and 16.7% agreed that mobile communication and connectivity had revolutionized communication in their business. No one disagreed or strongly disagreed with this and also no one was neutral. Results are shown in table 4.7.

Findings here have demonstrated that 91.7% of the respondents agreed and 8.3% were neutral that they are able to stay in touch with foreign market developments. Again results show that 100% of the respondents agreed that ICT had helped their business in creating and sustaining market relationships. Again results illustrated that 100% of the respondents agreed that they had an effective communication with their markets through the fast and precise communication offered by technology. Results also show that 100% of the respondents agreed that computerized information systems had enhanced business advertisement. Again results show that 100% of the respondents agreed that mobile communication and connectivity had revolutionized communication in their business. The next section examines foreign market research.
4.4.3 Foreign Market Research
This study examined technology in relation to foreign market research. This construct assessed how SMEs used technology to research international markets. This helped to ascertain if SMEs carried international market research through technology. The information sought under this construct included, conducting marketing research; identifying consumer behavior; business strategic position; researching international markets without relocating; competitive nature of foreign markets; foreign market entry; and processing market research information. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentage that helped to draw inferences. The findings are discussed in the next sub-section.

4.4.3.1 Conducting Marketing Research
This study sought to find out if technology had transformed how businesses conducted marketing research. Results show that 83.3% of the respondents strongly agreed and 16.7% agreed that technology had transformed how they conducted marketing research for their business. No one disagreed or strongly disagreed with this and also no one was neutral. Results are shown in table 4.8.
Table 4.8: Foreign Market Research

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology has transformed how I conduct marketing research for my business</td>
<td>83.3%</td>
<td>16.7%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I am able to carry out foreign market research to identify consumer behavior</td>
<td>75%</td>
<td>16.7%</td>
<td>0%</td>
<td>8.3%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I am able to carry out foreign market research to strategically position my business</td>
<td>83.3%</td>
<td>8.30%</td>
<td>0%</td>
<td>8.3%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I am able to research international markets without relocating to these markets</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I am able to gain information on the competitive nature of foreign markets through information technology</td>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have been able to enter foreign markets in the best way possible due to the insight provided by research through technology</td>
<td>83.3%</td>
<td>16.7%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>I use information systems to process market research information</td>
<td>83.3%</td>
<td>16.7%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.3.2 Identifying Consumer Behavior

This study sought to find out if businesses are able to carry out foreign market research to identify consumer behavior. Findings show that 75% of the respondents strongly agreed, 16.7% agreed and 8.3% disagreed that they are able to carry out foreign market research to identify consumer behavior. There was no one who strongly disagreed or remained neutral. The findings are shown in table 4.8.

4.4.3.3 Business Strategic Position

This study further sought to find out whether businesses could carry out foreign market research to strategically position their business. Results show that 83.3% of the respondents
strongly agreed, 8.3% agreed and also another 8.3% disagreed that they are able to carry out foreign market research to strategically position their business. There was no one who strongly disagreed or remain neutral on this issue. These findings are shown in table 4.8.

4.4.3.4 Researching International Markets without Relocating

The other thing that this study sought to find out was whether businesses are able to research international markets without relocating to these markets. According to the findings 75% of the respondents strongly agreed and 25% agreed that they are able to research international markets without relocating to these markets. Nobody disagreed nor strongly disagreed to this and also no one was neutral. The results are shown in table 4.8.

4.4.3.5 Competitive Nature of Foreign Markets

This research sought to find out whether SMEs are able to gain information on the competitive nature of foreign markets through information technology. The results show that 75% of the respondents strongly agreed and 25% agreed that they are able to gain information on the competitive nature of foreign markets through information technology. This was not disagreed nor strongly disagreed upon by anyone and also no one was neutral. The findings are shown in table 4.8.

4.4.3.6 Foreign Market Entry

Moreover, the study wanted to establish whether SMEs could enter foreign markets in the best way possible with the insight provided by research through technology. Results show that 83.3% of the respondents strongly agreed and 16.7% agreed that they had been able to enter foreign markets in the best way possible due to the insight provided by research through technology. There was no one who disagreed or strongly disagreed with this and also no one was neutral. The findings are shown in table 4.8.

4.4.3.7 Processing Market Research Information

The current research also sought to establish whether SMEs used information systems to process market research information. Results show that 83.3% of the respondents strongly agreed and 16.7% agreed that they used information systems to process market research information. No respondents were neutral on this and also none disagreed nor strongly disagreed with this. The results are shown in table 4.8.

Results here show that 100% of the respondents agreed that technology had transformed how they conducted marketing research for their business. Again results show that 91.7%
of the respondents agreed and 8.3% disagreed that they are able to carry out foreign market research to identify consumer behavior. Again findings show that 91.6% of the respondents agreed and 8.3% disagreed that they are able to carry out foreign market research to strategically position their business. Further, results show that 100% of the respondents agreed that they are able to research international markets without relocating to these markets. Findings also show that 100% of the respondents agreed that they are able to gain information on the competitive nature of foreign markets through information technology. Also 100% of the respondents had been able to enter foreign markets in the best way possible due to the insight provided by research through technology. Findings show that 100% of the respondents agreed that they used information systems to process market research information.

4.4.4 Correlation between Technology, Globalization, Demographic Characteristics

A Pearson correlation test was carried out to explore whether there is a relationship between globalization in SMEs and technology. The findings reveal that there is a positive significant Pearson correlation between globalization in SMEs and technology (r= 0.621) and is significantly related to globalization in SMEs (p value < 0.000). This indicates that an increased level of technology was associated with growth in globalization in SMEs at 95% significance level.

Also, the findings show that there was a positive relationship between globalization and sex (r=.103), though this relationship is not statistically significant (p value >.751) at 95% significance level. Again, there was a positive relationship between globalization and age (r=.359), though this relationship was not statistically significant (p value >.252) at 95% significance level. In addition, results show that there was a negative relationship between technology and sex (r= -.008), even if this relationship was not statistically significant (p value >.980) at 95% significance level. Again, there was a negative relationship between technology and age (r= -.238), though this relationship was not statistically significant (p value >.456) at 95% significance level. The results are shown in table 4.9 below.
Table 4.9: Correlation between SMEs Globalization, Technology, Sex and Age

<table>
<thead>
<tr>
<th></th>
<th>Globalization in SMEs</th>
<th>Sex</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization in SMEs</td>
<td>Pearson Correlation</td>
<td>.103</td>
<td>.359</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>252</td>
</tr>
<tr>
<td>Technology</td>
<td>Pearson Correlation</td>
<td>.621**</td>
<td>-.008</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.980</td>
</tr>
</tbody>
</table>

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

Findings on this variable have shown that technology is highly used to carry out market activities in the international markets. The market activities identified to be carried out through technology are, cooperating with international stakeholders and accessing international markets. Findings have also shown that technology helped SMEs access and operate efficiently in the international markets while it also introduced innovative transactions. Under foreign market communication, it has been seen that technology was used to inform customers of new products, advertise products and create market relationships. Under foreign market research, technology helped to conduct market research, identifying consumer behavior, researching international markets without relocating and processing market research information. Correlation analysis show that technology had a significant positive relation with SMEs globalization. The next part presents the influence of financial resources on SMEs globalization.

**4.5 Influence of Financial Resources and Globalization of SMEs**

Financial resources were one of the factors that was thought to influence globalization in SMEs. Financial resources are the capital that is necessary for the expansion and innovation in the business that enables it attain its goals. It was examined in order to understand how SMEs were funding their global operations and the effects that this brought to SMEs globalization. Financial resources were constructed to three constructs in this study that included, financial resources on a broad perspective, employee recruitment and to market...
establishment. The next sections provide the findings obtained on these constructs starting with the general perspective of technology.

4.5.1 Financial Resources and Globalization of SMEs

Financial resources were first examined on a general perspective and the influence it had on globalization of SMEs. This was meant to capture a general view of financial resources and its influence on SMEs globalization. The information sought under this construct included: financial resources to fund business operations; financial resources to support business growth; financial resources for daily operations; financial credit for purchasing capital; labour and raw materials, inappropriate technology; short term finance, informal financial sources, high start-up costs; information on the sources of finance; and loan collateral. Information on these items was collected through a Likert scale of 1-5, where 1-Strongly agree, 2-agree, 3-neutral, 4-disagree and 5 strongly disagree. Information gathered was then computed in percentages before to draw the inferences. The findings are discussed in the next sub-section.

4.5.1.1 Financial Resources to Fund Business Operations

This study sought to establish whether business had adequate financial resources for funding business operations. Results show that 50% of the respondents agreed and 16.7% strongly agreed that their business had adequate financial resources for funding business operations. Those who disagreed and strongly disagreed were each 16.7% and nobody was neutral. The findings are shown in table 4.10.
Table 4.10: Financial Resources and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>My business has adequate financial resources for funding business operations</td>
<td>0%</td>
<td>16.7%</td>
<td>50.0%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>I have adequate financial resources that support the growth of my business</td>
<td>8.3%</td>
<td>16.7%</td>
<td>25.0%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>I have adequate financial resources to cater for daily operations of the business</td>
<td>9.1%</td>
<td>54.5%</td>
<td>18.2%</td>
<td>9.1%</td>
<td>9.1%</td>
<td>100%</td>
</tr>
<tr>
<td>My business has adequate financial credit for purchasing capital, labour and raw materials</td>
<td>8.3%</td>
<td>16.7%</td>
<td>33.3%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>I have been forced to use inappropriate technology due to our inadequate financial resources</td>
<td>33.3%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>My business relies on short term finance that is quite expensive hindering expansion of the business to global markets</td>
<td>33.3%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>I use informal financial sources that have not been adequate enough in supporting globalization in my business</td>
<td>58.3%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>I am discouraged from establishing business operations in foreign markets by high start-up costs</td>
<td>36.4%</td>
<td>45.5%</td>
<td>18.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have adequate information on the available sources of finance for my business</td>
<td>41.7%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have enough collateral to secure loan for my business</td>
<td>33.3%</td>
<td>41.7%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5.1.2 Financial Resources to Support Business Growth

This study sought to establish whether SMEs had adequate financial resources to support the growth of business. Results show that 33.3% of the respondents disagreed and 16.7% strongly disagreed that they had adequate financial resources that supported the growth of their business. On the other hand, 16.7% agreed and 8.3% strongly agreed and 25% remained neutral. The results are shown in table 4.10.

4.5.1.3 Financial Resources for Daily Operations

This study sought to find out whether SMEs had adequate financial resources to cater for daily operations of the business. Results show that 54.5% of the respondents agreed and
9.1% strongly agreed that they had adequate financial resources to cater for daily operations of the business. There were 18.2% respondent who were neutral while those who disagreed and strongly disagreed were each 9.1%. The results are shown in table 4.10.

4.5.1.4 Financial Credit for Purchasing Capital, Labour and Raw Materials
Also, the study sought to establish if SMEs had adequate financial credit for purchasing capital, labour and raw materials. Results show that 25% of the respondents disagreed and 16.7% strongly disagreed that they had business has adequate financial credit for purchasing capital, labour and raw materials. There were 33.3% respondents who remained neutral while 16.7% agreed and 8.3% strongly agreed. The results are shown in table 4.10.

4.5.1.5 Inappropriate Technology
This study sought to find out if SMEs had adequate financial resource to enable them use appropriate technology. Results show that 33.3% of the respondents strongly agreed while 25% agreed that they had been forced to use inappropriate technology due to their inadequate financial resources. There were 25% respondents who were neutral while those who disagreed and strongly disagreed were each 8.8%. The results are shown in table 4.10 below.

4.5.1.6 Short Term Finance
In addition, the study sought to find out whether the reliant on short term finance for SMEs had hindered their expansion to global markets. Results show that 33.3% of the respondents strongly agreed and 25% agreed that their business relied on short term finance that was quite expensive hindering expansion of the business to global markets. However, 16.7% disagreed and 25% remained neutral while no one strongly disagreed. The results are shown in table 4.10.

4.5.1.7 Informal Financial Sources
This study sought to find out whether the informal financial resources used in SMEs have been adequate enough to support globalization. Results reveal that 58.3% of the respondents strongly agreed and 33.3% agreed that they used informal financial sources that have not been adequate enough in supporting globalization in their business. Only 8.3% respondents were neutral while no one strongly disagreed or disagreed. The results are shown in table 4.10.
4.5.1.8 High Start-Up Costs
Also, this study sought to find out if SMEs were discouraged from establishing business operations in foreign markets by high start-up costs. Of the respondents, 45.5% agreed and 36.4% strongly agreed that they were discouraged from establishing business operations in foreign markets by high start-up costs. There were 18.2% respondents who were neutral while no one disagreed nor strongly disagreed. The results are also shown in table 4.10.

4.5.1.9 Information on the Sources of Finance
This study further sought to establish if SMEs had adequate information on the available sources of finance for their business. Results show that 41.7% strongly agreed and 25% agreed that they had adequate information on the available sources of finance for their business. 16.7% respondents disagreed and also another 16.7% were neutral while no one strongly disagreed. The results are shown in table 4.10.

4.5.1.10 Loan Collateral
Moreover, this study sought to find out whether SMEs had enough collateral to secure loan for their business. Results show that 41.7% of the respondents agreed and 33.3% strongly agreed that they had enough collateral to secure loan for their business. On the other hand, 16.7% respondents strongly disagreed and 8.3% disagreed while none of the respondents was neutral. Results are shown in table 4.10.

From table 4.10 above, it is evident that 55.7% of the respondents agreed and 33.4% disagreed that their business had adequate financial resources for funding business operations. Also 50% of the respondents disagreed, 25% agreed and also 25% were neutral that they had adequate financial resources that supported the growth of their business. Results further show that 65.6% of the respondents agreed, 18.2% disagreed and 18.2% were neutral that they had adequate financial resources to cater for daily operations of the business. Findings also show that 41.7% of the respondents agreed, 33.3% were neutral and 25% agreed that that they had business has adequate financial credit for purchasing capital, labour and raw materials. In addition, results indicate that 58.3% of the respondents agreed, 25% were neutral and 17.6% disagreed that they had been forced to use inappropriate technology due to their inadequate financial resources. Findings again show that 58.3% of the respondents agreed, 25% disagreed and 16.7% were neutral that their business relied on short term finance that was quite expensive hindering expansion of the business to global markets. Furthermore, findings show that 91.6% of the respondents agreed, 33.3% agreed
and 8.3% were neutral that they used informal financial sources that have not been adequate enough in supporting globalization in their business. Results show that 81.9% of the respondents agreed and 18.2% were neutral that they were discouraged from establishing business operations in foreign markets by high start-up costs. Findings also show that 66.7% of the respondents agreed, 16.7% disagreed and 16.7% were neutral that they had adequate information on the available sources of finance for their business. Lastly, results show that 75% of the respondents agreed and 25% disagreed that they had enough collateral to secure loan for their business. The next section discusses employee recruitment and globalization.

4.5.2 Employee Recruitment and Globalization of SMEs

This study examined financial resources in relation to employee recruitment. As it is understood recruitment of new staffs requires some significant funds for the recruitment process and the compensation of these employees. It is thus necessary to examine how SMEs capital has affected their recruitment for international establishment. The information sought under this construct included, recruitment of appropriate persons, recruitment budget, hiring workers for business expansion, determinants of recruitment, compensation funds and managerial inexperience. Information on these items was collected through a Likert scale of 1-5, where 1 indicates Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentage that helped to draw inferences. The findings are discussed in the next sub-section.

4.5.2.1 Recruitment of Appropriate Individuals

This study sought to find out whether SMEs had adequate financial resources that would enable the business recruit the appropriate individuals for foreign investments. Results show that 41.7% of the respondents agreed and 25% strongly agreed that they lacked adequate financial resources that would enable their business recruit the appropriate individuals for foreign investments. However, 25% were neutral while 8.3% strongly disagreed and no one disagreed. The findings are shown in table 4.11.

Table 4.11: Employee Recruitment and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>We lack adequate financial resources that would enable the business recruit the</td>
<td>25%</td>
<td>41.70%</td>
<td>25%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>
appropriate individuals for foreign investments

<table>
<thead>
<tr>
<th>Statement</th>
<th>25.0%</th>
<th>33.3%</th>
<th>0.0%</th>
<th>25.0%</th>
<th>16.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our financial capacity determines the budget size apportioned to our recruitment process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am unable to hire workers for our expanded business</td>
<td>33.3%</td>
<td>41.7%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Recruitment in my business is determined by the economic conditions and the financial position of my business</td>
<td>50.0%</td>
<td>50.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>My business lacks sufficient funds to provide better compensation for employees in our global ventures</td>
<td>8.3%</td>
<td>41.7%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>My business struggles with managerial inexperience due to lack of financial resources to recruit diversified managers</td>
<td>33.3%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

4.5.2.2 Recruitment Budget

This study also sought to find out whether SMEs financial capacity determined the budget size apportioned to their recruitment process. As shown in table 4.11 above, 33.3% of the respondents agreed and 25% strongly agreed that their financial capacity determined the budget size apportioned to their recruitment process. Results also indicate that 25% of the respondents disagreed and 16.7% strongly disagreed while no one was neutral.

4.5.2.3 Hiring Workers for Business Expansion

Moreover, this study sought to find out if SMEs are able to hire workers for their business expansion. According to the findings, 41.7% of the respondents agreed and 33.3% strongly agreed that they are able are unable to hire workers for their expanded business. On the other hand, 16.7% disagreed and 8.3% were neutral while no one strongly disagreed.

4.5.2.4 Determinants of Recruitment

This study sought to find out whether economic conditions and the financial position in SMEs determined the recruitment in the business. Results show that 50% of the respondents strongly agreed and 50% agreed that recruitment in their business was determined by the economic conditions and the financial position of the business. No one disagreed or strongly disagreed or even remained neutral. The findings are shown in table 4.11.
4.5.2.5 Compensation Funds
In addition, this study sought to find out whether SMEs had sufficient funds to provide better compensation for employees in their global ventures. Findings show that 41.7% of the respondents agreed and 8.3% strongly agreed that they lacked sufficient funds to provide better compensation for employees in their global ventures. However, 16.7% disagreed while no one strongly disagreed and 33.3% were neutral. The findings are also shown in table 4.11.

4.5.2.6 Managerial Inexperience
Another objective of the study was to establish if SMEs had managerial experiences as enabled by recruitment of diversified managers. Results show that those who agreed and strongly agreed that their business struggled with managerial inexperience due to lack of financial resources to recruit diversified managers, were 33.3%. Those who disagreed and remained neutral were 8.3% each and those who strongly disagreed were 16.7%. The findings are shown in table 4.11 above.

As indicated in table 4.11 above, 66.7% of the respondents agreed; 25% were neutral; and 8.3% disagreed that they lacked adequate financial resources that would enable their business recruit the appropriate individuals for foreign investments. Results also show that 58.3% of the respondents agreed and 41.7% disagreed that their financial capacity determined the budget size apportioned to their recruitment process. Further, findings show that 75% of the respondents agreed, 16.7% disagreed and 8.3% were neutral that they are able are unable to hire workers for their expanded business. In addition, results indicate that 100% of the respondents agreed that recruitment in their business was determined by the economic conditions and the financial position of the business. Findings further show that 50% of the respondents agreed, 33.3% were neutral, and 16.7% disagreed that they lacked sufficient funds to provide better compensation for employees in their global ventures. Lastly, results show that 66.6% of the respondents agreed, 25% disagreed and 8.3% were neutral that their business struggled with managerial inexperience due to lack of financial resources to recruit diversified managers. The next section discusses market establishment and globalization.

4.5.3 Market Establishment and Globalization of SMEs
This study examined financial resources in relation to market establishment in the foreign countries. Funds are required for setting up new shops and for international establishment
substantial capital is necessary due to the high costs involved. It is therefore appropriate to assess how SMEs capital available for establishing new establishment had influenced globalization. The information sought under this construct include creating new ventures; business growth; cost of doing business in foreign markets; administrative and legal cost; high exchange rates; high inflation rates; foreign fees and duties; capacity development, and skill shortage. Information on these items was collected through a Likert scale of 1-5, where 1 was Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages that helped to draw inferences. The findings are discussed in the next sub-section.

4.5.3.1 Creating New Ventures
This study sought to find out if SMEs were hindered from creating new ventures due to inadequate funds. Results reveal that 58.3% of the respondents agree and 25% strongly agreed that lack of enough finance had hindered them from creating new ventures. However, 16.7% disagreed and no one strongly disagreed or remained neutral. The findings are shown in table 4.12.
Table 4.12: Market Establishment and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of enough finance has hindered me from creating new ventures</td>
<td>25%</td>
<td>58.30%</td>
<td>0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of enough finance has hindered me from growing my business</td>
<td>33.3%</td>
<td>58.3%</td>
<td>0.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>The high cost of doing business in foreign markets has challenged globalization of my business.</td>
<td>8.3%</td>
<td>66.7%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>High administrative and legal cost is a financial challenge in expanding my business to foreign markets.</td>
<td>41.7%</td>
<td>50.0%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>High exchange rates for foreign currency pose financial challenges to the expansion of my business to international market</td>
<td>58.3%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>High inflation rates also pose financial challenges in globalization</td>
<td>66.7%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Lack of enough funds to cater for fees and duties in foreign countries has challenged the globalization of my business</td>
<td>66.7%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of enough funds has negatively affected capacity development in my business</td>
<td>25.0%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
<tr>
<td>There is skill shortage in my business due to financial shortage</td>
<td>33.3%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.5.3.2 Business Growth
This study sought to find out whether SMEs had enough finance for growing their business. Results show that 58.3% of the respondents agreed and 33.3% strongly agreed that lack of
enough finance had hindered them from growing their business. However, 16.7% disagreed but no one strongly disagreed or remained neutral. The findings are shown in table 4.12.

4.5.3.3 Cost of Doing Business in Foreign Markets
This study sought to find out if the high cost of doing business in foreign markets had challenged globalization of SMEs. Results show 66.7% of the respondents agreed and 8.3% strongly agreed that the high cost of doing business in foreign markets had challenged globalization of their business. There were 16.7% who disagreed and 8.3% who remained neutral, while no one strongly disagreed. Findings are also shown in table 4.12.

4.5.3.4 Administrative and Legal Cost
Also, this study sought to find out whether the high administrative and legal cost is a financial challenge in expanding business to foreign markets. Results indicate that 50% of the respondents agreed and 41.7% strongly agreed that high administrative and legal cost was a financial challenge in expanding their business to foreign markets. There were 8.3% of the respondents who remained neutral while no one disagreed nor strongly disagreed. The results are shown in table 4.12.

4.5.3.5 High Exchange Rates
This study further sought to establish whether the high exchange rate for foreign currency posed financial challenges to the expansion of SMEs to international market. As seen in the table 4.12 above, results show that 58.3% of the respondents strongly agreed and 25% agreed that high exchange rates for foreign currency posed financial challenges to the expansion of their business to international market. There were 16.7% respondents who remained neutral while no one disagreed not strongly disagreed. The results are shown in table 4.12.

4.5.3.6 High Inflation Rates
In addition, this study sought to find out whether high inflation rates posed financial challenges to SMEs globalization. Findings show that 66.7% of the respondents strongly agreed and 33.3% agreed that high inflation rates also posed financial challenges in globalization. There was no one who disagreed nor strongly disagreed or even remained neutral. The findings are shown in table 4.12.
4.5.3.7 Foreign Fees and Duties
This study sought to find out whether foreign fees and duties challenged SMEs globalization. Findings indicate that 66.7% of the respondents strongly agreed and 33.3% agreed that lack of enough funds to cater for fees and duties in foreign countries had challenged the globalization of their business. There were however no respondents who disagreed or strongly disagreed or even remained neutral. The findings are shown in table 4.12.

4.5.3.8 Capacity Development
This study sought to find out whether funds had affected capacity development in SMEs. Again, of the respondents, 25% strongly agreed and 33.3% agreed that lack of enough funds had negatively affected capacity development in their business. There were 25% of the respondents who disagreed and 16.7% who strongly disagreed and no one was neutral. Results are shown in table 4.12.

4.5.3.9 Skill Shortage
Moreover, this study wanted to establish whether SMEs were faced with skills shortage due to financial shortage. Results show that those who agreed that there was skills shortage in their business, due to financial shortage were 33.3% each and those who disagreed and strongly disagreed were 8.3% each while 16.7% were neutral. The findings are shown in table 4.12.

Results here show that 83.3% of the respondents agreed and 16.7% disagreed that lack of enough finance had hindered them from creating new ventures. Results also show that 83.3% of the respondents agreed and 16.7% disagreed that lack of enough finance had hindered them from growing their business. Also, results show that 75% of the respondents agreed, 16.7% disagreed; and 8.3% remained neutral that the high cost of doing business in foreign markets had challenged globalization of their business. Results also show that 91.7% of the respondents agreed and 8.3% were neutral that high administrative and legal costs was a financial challenge in expanding their business to foreign markets. Results also show that 83.3% respondents agreed and 16.7% were neutral that high exchange rates for foreign currency posed financial challenges to the expansion of their business to international market. Findings also show that 100% of the respondents agreed that high inflation rates also posed financial challenges in globalization. Again results indicate that 100% of the respondents agreed that lack of enough funds to cater for fees and duties in
foreign countries had challenged the globalization of their business. Also, 58.3% of the respondents agreed, 25% disagreed and 16.7% were neutral that lack of enough funds had negatively affected capacity development in their business. Further, 66.6% of the respondents disagreed and 16.7% were neutral that those who agreed that there was skill shortage in their business due to financial shortages.

4.5.4 Correlation between SMEs Globalization, Financial Resources, Sex and Age

A Pearson correlation test was carried out to explore whether there is a relationship between globalization in SMEs, technology, financial resources and the legal and regulatory framework. The findings revealed that there was a positive significant Pearson correlation between globalization in SMEs and financial resources (r = 0.821) and is significantly related to globalization in SMEs (p value < 0.001) at 95% significance level.

Findings show that there was a positive relationship between globalization and sex (r = 0.103), though this relationship was not statistically significant (p value > .751) at 95% significance level. Again, there was a positive relationship between globalization and age (r = 0.359), though this relationship was not statistically significant (p value > .252) at 95% significance level. In addition, results indicate that there was a negative relationship between financial resources and sex (r = -0.082), although this relationship was also not statistically significant (p value > .800) at 95% significance level. Again, there was a negative relationship between financial resources and age (r = -0.392), although this relationship was not statistically significant (p value > .208) at 95% significance level. These results are illustrated in Table 4.13 below.
Findings here show how important financial resources are in facilitating globalization in SMEs. Financial resources support business growth and business operations. Finances in a business seeking globalization are needed for funding daily operations and purchasing capital, labour and raw materials. Inadequate financial resources will expose the business to inappropriate technology, expensive short term finance and informal financial sources. Results under employee recruitment show that financial resources are needed to facilitate globalization by providing budget for the recruiting new employees and their compensation. This will also ensure the right recruitment for managerial experience. Findings under market establishment revealed that funds are needed to set-up new ventures in the international markets and meeting the administrative and legal cost. The SMEs were challenged by high exchange rates, high inflation rates, foreign fees and globalization duties due to the inadequate finance to meet these costs. A Correlation analysis show that financial resource had a significant positive correlation with SMEs globalization.

4.6 Influence of Legal and Regulatory Framework on Globalization of SMEs

Legal and regulatory framework was one of the factors that was thought to influence globalization in SMEs. It defines the ways through which business is to be conducted and accomplished in the market to create a level playing ground for all the players in the market. It is thus of great importance to understand its influence on SMEs globalization in order to establish whether SMEs are afforded a smooth environment for their globalization. Legal and regulatory framework was constructed to three construct in this study that included
legal and regulatory framework on a broad perspective, state taxation and maintenance of law and order. The next sections provide the findings obtained on these constructs starting with the general perspective of technology.

4.6.1 Legal and Regulatory Framework and Globalization of SMEs

Legal and regulatory framework was first examined on a general perspective and the influence it had on globalization of SMEs. This was meant to capture a general view of legal and regulatory framework and its influence on SME globalization. The information sought under this construct included: sound and viable economic policies; unrealistic regulatory framework; trust in the court system; laws enforcement; size-based rules biases against SMEs; difficulties of regulations; market entry; innovations in the business; growth in the business and distorted markets. Information on these items was collected through a Likert scale of 1-5, where 1 indicates Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentage that helped to draw inferences. The findings are discussed in the next sub-section.

4.6.1.1 Sound and Viable Economic Policies

The study also wanted to establish whether SMEs in globalization were supported by sound and viable economic policies. Results reveal that 58.3% of the respondents agreed and 16.7% strongly agreed that the globalization of their business had been greatly supported by sound and viable economic policies. However, 16.7% were neutral and 8.3% strongly disagreed but nobody disagreed. Findings are shown in table 4.14.
Table 4.14: Legal and Regulatory Framework and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The globalization of my business has been greatly supported by sound and viable economic policies</td>
<td>16.7%</td>
<td>58.3%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Unrealistic regulatory framework has been a barrier to my business going global</td>
<td>33.3%</td>
<td>41.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Low trust in the court system challenges globalization in my business</td>
<td>58.3%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Proper laws enforcement on globalization has supported globalization</td>
<td>25.0%</td>
<td>25.0%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>There are size-base rules biases against SMEs hampering their growth</td>
<td>41.7%</td>
<td>25.0%</td>
<td>25.0%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>SMEs are less able of dealing with the difficulties of regulations</td>
<td>41.7%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulations have discouraged market entry in our business</td>
<td>33.3%</td>
<td>50.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulations have discouraged innovations in our business</td>
<td>58.3%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulations have discouraged investments in our business</td>
<td>50.0%</td>
<td>33.3%</td>
<td>0.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulations have discouraged growth in our business</td>
<td>33.3%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulations have discouraged the markets while decreasing business income</td>
<td>33.3%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>25.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6.1.2 Unrealistic Regulatory Framework
Furthermore, this study sought to establish whether SMEs faced unrealistic regulatory framework that blocked their business from globalization. Results reveal that 41.7% of the respondents agreed and 33.3% strongly agreed that unrealistic regulatory framework had been a barrier to their business going global. However, 16.7% of the respondents were neutral while 8.3% strongly disagreed and none disagreed. The findings are shown in table 4.14.

4.6.1.3 Trust in the Court System
This study challenged globalization of the SMEs trust in court system. Results show that 58.3% of the respondents strongly agreed and 16.7% agreed that low trust in the court
system challenged globalization in their business. However, 16.7% of the respondents were neutral and 8.3% disagreed while no one strongly disagreed. Findings are shown in table 4.14.

4.6.1.4 Laws Enforcement
This research also sought to find out whether proper law enforcement on globalization has supported globalization. Results show that 33.3% of the respondents were neutral while those who strongly agreed and agreed that proper laws enforcement on globalization has supported globalization were 25% each while also those who disagreed and strongly disagreed were 8.3% each. The results are shown in table 4.14.

4.6.1.5 Size-Base Rules Biases against SMEs
This study sought to find out whether SMEs growth were hampered by size-based rule biasness. Findings show that 41.7% of the respondents strongly agreed and 25% agreed that there are size-base rules biases against SMEs hampering their growth. There were 25% respondents who remained neutral and 8.3% who strongly disagreed while no one disagreed. The results are shown in table 4.14.

4.6.1.6 Difficulties of Regulations
This study sought to establish whether SMEs were able to deal with difficulties of regulations. Of the respondents, 41.7% strongly agreed and 33.3% of the respondents agreed that SMEs are less able of dealing with the difficulties of regulations. However, 16.7% of them were neutral while 8.3% strongly disagreed and no one disagreed. Findings are shown in table 4.14.

4.6.1.7 Market Entry
This study also sought to find out if regulation had discouraged market entry for SMEs. According to the findings, 50% of the respondents agreed and 33.3% strongly agreed that regulations have discouraged market entry in their business. There were 16.7% respondents who were neutral while no one strongly disagreed or disagreed. The results are shown in table 4.14.

4.6.1.8 Innovations in the Business
Moreover, this study went out to establish if regulation had discouraged innovations in the business. Results show that 58.3% of the respondents strongly agreed and 25% agreed that regulations had discouraged innovations in their business. There were 8.3% respondents
who were neutral and also another 8.3% disagreed and none strongly disagreed. The findings are shown in table 4.14.

4.6.1.9 Investments in the Business
This study also sought to establish whether regulations had discouraged investments in the business. Of the respondents, 50% strongly agreed and 33.3% agreed that regulations had discouraged investments in their business. There were 16.7% respondents who disagreed and no one strongly disagreed or remained neutral. The findings are shown in table 4.14.

4.6.1.10 Growth in the Business
This study sought to find out if regulations had discouraged growth in businesses. Findings show that those who strongly agreed that regulations had discouraged growth in their business and those who agreed were 33.3% each. There were 16.7% respondents who were neutral while 16.7% disagreed and none strongly disagreed. The results are shown in table 4.14.

4.6.1.11 Distorted Markets
This study sought to find out whether regulations had distorted the markets while decreasing business income. Findings reveal that 33.3% of the respondents strongly agreed and 25% agreed that regulations had distorted the markets while decreasing business income. However, 25% of the respondents strongly disagreed and 8.3% disagreed while another 8.3% were neutral. The findings are shown in table 4.14 below.

Results here show that 75% of the respondents agreed, 16.7% were neutral and 8.3 disagreed that the globalization of their business had been greatly supported by sound and viable economic policies. Again, findings show that 75% of the respondents agreed; 16.7% were neutral; and 8.3% disagreed; that that unrealistic regulatory framework had been a barrier to their business going global. Again, 75% of the respondents agreed, 16.7% o were neutral and 8.3% disagreed that low trust in the court system challenged globalization in their business. In addition, findings again show that 50% of the respondents disagreed, 33.3% were neutral and 16.6% agreed that proper laws enforcement on globalization has supported globalization. Again, findings reveal that 66.7% of the respondents agreed, 25% were neutral and 8.3% disagreed that there are size-base rules biases against SMEs hampering their growth. Results also show that 75% of the respondents agreed, 16.7% were neutral and 8.3% disagreed that SMEs are less able of dealing with the difficulties of
regulations. Results also show that 83.3% of the respondents agreed and 6.7% were neutral that regulations have discouraged market entry in their business. In addition, findings show that 83.3% of the respondents agreed, 8.3% were neutral and 8.3% disagreed that regulations had discouraged innovations in their business. Findings further show that 83.3% of the respondents agreed and 16.7% disagreed that regulations had discouraged investments in their business. Results also show that 66.6% of the respondents agreed, 16.7% were neutral and 16.7% disagreed that regulations had discouraged growth in their business. Again results show that 58.3% of the respondents agreed, 33.3% disagreed and 8.3% were neutral that regulations had distorted the markets while decreasing business income.

4.6.2 State Taxation and Globalization of SMEs
This study examined the legal and regulatory framework in relation to state taxation. The government imposes some duty to be paid towards supporting government operations. This money ends up eating up the business income since business is affected by the tax imposed on them it is critical to examine how SMEs globalization is affected by such governments. The information sought under this construct included, complex and extreme taxation, friendly taxation system; revenue systems; high prices; high tax burdens; multiple taxation; effective business taxations and state taxation. Information on these items was collected through a Likert scale of 1-5, where 1 was Strongly agree, 2- agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentage that helped to draw inferences. The findings are discussed in the next sub-section.

4.6.2.1 Complex and Extreme Taxation
This study sought to find out whether the complex and extreme taxation in foreign markets had discouraged SMEs investment there. Results show that those who strongly agreed and agreed that complex and extreme taxation in foreign markets had discouraged their investment there were 33.3% each. However, 16.7% of the disagreed and 8.3% strongly disagreed with also another 8.3% remaining neutral. Results are shown in table 4.15 below.
Table 4.15: State Taxation and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex and extreme taxation in foreign markets has discouraged my investment there</td>
<td>33.3%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>We are more likely to venture out in foreign markets where there is friendly taxation system</td>
<td>41.7%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Revenue systems have decreased our business profits which has hindered business growth</td>
<td>33.0%</td>
<td>33.3%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Tax rate has influenced our prices pushing them high and thus discouraging our buyers</td>
<td>50.0%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>High tax burdens has hindered the growth of our business</td>
<td>66.7%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Multiple taxation by government regimes is a negative factor in the expansion of my business</td>
<td>50.0%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>I have been discouraged by effective business taxations to invest in foreign countries</td>
<td>33.3%</td>
<td>41.7%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>State taxation has greatly minimized my business income preventing its expansion</td>
<td>58.3%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6.2.2 Friendly Taxation System

This study also sought to establish whether SMEs were more likely to venture out in foreign markets where there is friendly taxation system. The results show that 41.7% respondents strongly agreed and 25% agreed that they are more likely to venture out in foreign markets where there is friendly taxation system. However, 16.7% respondents were neutral while another 16.7% disagreed and no one strongly disagreed. Findings are shown in table 4.15.

4.6.2.3 Revenue Systems

This study sought to establish whether revenue systems had decreased business profits thus hindering business growth. Results show that those who strongly agreed and those who agreed that revenue systems had decreased their business profits which had hindered business growth were tied at 33.3%. Those who were neutral were 25% and those who disagreed were 8.3% and none strongly disagreed. The results are shown in table 4.15.
4.6.2.4 High Prices
Further, this study sought to find out whether tax rate had influenced prices pushing them high thus discouraging our buyers. The results reveal that 50% of the respondents strongly agreed and 25% agreed that tax rate had influenced their prices pushing them high and thus discouraging their buyers. There were 16.7% respondents who were neutral and 8.3% who disagreed while no one strongly disagreed. The findings are shown in table 4.15.

4.6.2.5 High Tax Burdens
Also, the research sought to find out if high tax burden had hindered growth in SMEs. Results show that 66.7% of the respondents strongly agreed and 25% agreed that high tax burdens had hindered the growth of their business. There were 8.3% of the respondents who disagreed and no one was neutral or strongly disagree. The results are shown in table 4.15.

4.6.2.6 Multiple Taxation
In addition, the current study sought to find out whether multiple taxation by government regimes was a negative factor in the expansion of business. Of the respondents, 50% strongly agreed and 33.3% agreed that multiple taxation by government regimes was a negative factor in the expansion of their business. There were 8.3% respondents who were neutral and disagreed for each while no one strongly disagreed. The results are shown in table 4.15.

4.6.2.7 Effective Business Taxations
This study sought to find out whether effective business taxations discouraged SMEs from investing in foreign countries. Findings show that 41.7% of the respondents agreed and 33.3% strongly agreed that they had been discouraged by effective business taxations to invest in foreign countries. Those who disagreed, strongly disagreed and remained neutral were 8.3% each. Findings are shown in table 4.15.

4.6.2.8 State Taxation
Moreover, the research sought to find out whether state taxation minimized business income preventing hence its expansion. Findings show that 58.3% of the respondents strongly agreed and 16.7% agreed that state taxation had greatly minimized their business income preventing its expansion. There were also 16.7% respondents who were neutral and 8.3% who disagreed and none strongly disagreed. The results are shown in table 4.15.
As seen in the table 4.15 above, 66.6% of the respondents agreed, 25% disagreed and 8.3% were neutral that complex and extreme taxation in foreign markets had discouraged their investment. Findings again show that 76.7% of the respondents agreed, 16.7% were neutral while 16.7% disagreed that they are more likely to venture out in foreign markets where there is friendly taxation system. Results also show that 66.6% of the respondents agreed, 25% were neutral 8.3% disagreed that revenue systems had decreased their business profits which had hindered business growth. Furthermore, results show that 75% of the respondents agreed, 16.7% were neutral and 8.3% disagreed that tax rate had influenced their prices pushing them high and thus discouraging their buyers. Results also reveal that 91.7% of the respondents agreed and 8.3% were neutral that high tax burdens had hindered the growth of their business. Also results indicate that 83.3% of the respondents agreed, 8.3% were neutral and 8.3% disagreed that multiple taxation by government regimes was a negative factor in the expansion of their business. Results also show that 75% of the respondents agreed, 8.3% were neutral and 8.3% disagreed that they had been discouraged by effective business taxations to invest in foreign countries. Further findings show that 85% of the respondents strongly agreed, 16.7% were neutral and 8.3% disagreed that state taxation had greatly minimized their business income preventing its expansion. The next section presents maintenance of law and order and globalization.

4.6.3 Maintenance of Law and Order and Globalization of SMEs
This study examined legal and regulatory framework in relation to maintenance of law and order. The legal and regulatory framework defines and controls activities to ensure laws are followed and there is order in business. This provides some allowance and restriction in business, and thus controls how a business is conducted. It is therefore important to examine how the legal and regulatory framework in maintaining law and order affects SMEs in globalization. The information sought under this construct included, stable business conditions, level of trust, compliance to customs, trade, health, safety and public regulations, cushioning the business from harm, cushioning business from abuse, support mechanisms, labour markets regulations and abiding to stipulated laws. Information on these items was collected through a Likert scale of 1-5, where 1 was Strongly agree, 2-agree, 3 – neutral, 4- disagree and 5 strongly disagree. Information gathered was then computed in percentages that helped to draw inferences. The findings are discussed in the next sub-section.
4.6.3.1 Stable Business Conditions
This study sought to find out whether regulation ensures a stable business conditions so that business can run smoothly. Results show that 66.7% of the respondents strongly agreed and 25% agreed that regulation had ensured stable business conditions where business could be done smoothly. However, 8.3% of the respondents were neutral while none disagreed or strongly disagreed. The findings are shown in table 4.16.

Table 4.16: Maintenance of Law and Order and Globalization of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation has ensured stable business conditions where business can be done smoothly</td>
<td>66.7%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>There is a higher level of trust brought by regulation which has improved the development of our business</td>
<td>41.7%</td>
<td>25.0%</td>
<td>8.3%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>100%</td>
</tr>
<tr>
<td>Compliance to customs, trade, health, safety and public regulations greatly impacts our business development.</td>
<td>50.0%</td>
<td>33.3%</td>
<td>8.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulatory framework has cushioned my business from harm enabling it to grow</td>
<td>36.4%</td>
<td>36.4%</td>
<td>18.2%</td>
<td>9.2%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulatory framework has cushioned my business from abuse enabling it to grow</td>
<td>41.7%</td>
<td>33.3%</td>
<td>16.7%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Regulation establishes support mechanisms that enhance the business environment</td>
<td>41.7%</td>
<td>50.0%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Labour markets regulations negatively affect my business</td>
<td>8.3%</td>
<td>50.0%</td>
<td>25.0%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>100%</td>
</tr>
<tr>
<td>Abiding to the stipulated laws has placed a huge burden to my business due to compliance costs</td>
<td>25.0%</td>
<td>41.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>16.7%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6.3.2 Level of Trust
This study also sought to find out whether higher level of trust brought by regulation improved the development of business. Findings show that 41.7% of the respondents strongly agreed and 25% agreed that there was a higher level of trust brought by regulation which had improved the development of their business. However, 16.7% disagreed and
8.3% strongly disagreed while also another 8.3% were neutral. The findings are shown in table 4.16.

4.6.3.3 Compliance to Customs, Trade, Health, Safety and Public Regulations
This study sought to find out whether compliance with customs, trade, health, safety and public regulations had impacted business development. The results reveal that 50% of the respondents strongly agreed and 33.3% agreed that compliance to customs, trade, health, safety and public regulations greatly impacted their business development. There were 8.3% respondents who disagreed and remained neutral for each and no one strongly disagree. The results are shown in table 4.16.

4.6.3.4 Cushioning the Business from Harm
Hence, this research sought to establish whether regulatory framework cushioned business from harm and enabling it to grow. Findings show that 36.4% of the respondents strongly agreed and agreed for each that regulatory framework had cushioned their business from harm enabling it to grow. There were 18.2% respondents who were neutral while 9.1% disagreed but none strongly disagreed. The findings are shown in table 4.16.

4.6.3.5 Cushioning Business from Abuse
This study also sought to establish whether regulatory framework cushioned business from abuse enabling it to grow. The findings indicate that 41.7% of the respondents strongly agreed and 33.3% agreed that regulatory framework had cushioned their business from abuse enabling it to grow. There were 16.7% of the respondents who were neutral while 8.3% disagreed and none strongly disagreed. The results are shown in table 4.16.

4.6.3.6 Support Mechanisms
Moreover, this study sought to find out if regulations support mechanisms that enhance the business environment. Results show that 50% of the respondents agree and 41.7% strongly agreed that regulation establish support mechanisms that enhanced the business environment. However, 8.3% of the respondents were neutral while none disagreed or strongly disagree. The results are shown in table 4.16.

4.6.3.7 Labour Markets Regulations
Also, this study sought to find out whether labour markets regulations negatively affected business. Findings show that 50% of the respondents agreed and 8.3% strongly agreed that labour markets regulations negatively affect their business. There were 25% respondents
who were neutral and 16.7% who disagreed while none strongly disagreed. The findings are shown in table 4.16.

4.6.3.8 Abiding to Stipulated Laws

Lastly, this study sought to find out whether abiding with the stipulated laws places a huge burden on businesses due to compliance costs. Findings show that 41.7% of the respondents agreed and 23.1% strongly agreed that abiding to the stipulated laws had placed a huge burden to their business due to compliance costs. However, 16.7% of the respondents strongly disagreed and remained neutral for each and no one disagreed. Results are shown in table 4.16.

Findings here show that 91.7% of the respondents agreed and 8.3% were neutral that regulation had ensured stable business conditions where business could be done smoothly. Again findings show that 66.7% of the respondents agreed, 25% disagreed and 8.3% were neutral that there was a higher level of trust brought by regulation which had improved the development of their business. The results show that 83.3% of the respondents agreed, 8.3% were neutral and 8.3% also disagreed that compliance to customs, trade, health, safety and public regulations greatly impacted their business development. Results again show that 72.8% of the respondents agreed 18.2% were neutral while 9.1% disagreed that regulatory framework had cushioned their business from harm enabling it to grow. Results also show that 75% of the respondents agreed, 16.7% were neutral while 8.3% disagreed that regulatory framework had cushioned their business from abuse enabling it to grow. Results show that 91.7% of the respondents agreed and 8.3% were neutral that regulation establish support mechanisms that enhanced the business environment. Findings show that 58.3% of the respondents agreed, 25% were neutral and 16.7% disagreed that labour markets regulations negatively affect their business. Findings show that 64.7% of the respondents agreed, 16.7% disagreed and 16.7% were neutral that abiding to the stipulated laws had placed a huge burden to their business due to compliance costs.

4.6.4 Correlation Analysis

A Pearson correlation test was carried out to explore whether there is a relationship between globalization in SMEs and legal and regulatory framework. The findings revealed that there was a positive significant Pearson correlation between globalization in SMEs and legal and regulatory framework (r = 0.677) and is significantly related to globalization in SMEs (p value < 0.000) at 95% significance level.
Findings also show that there was a positive relationship between globalization and sex (r= .103), though this relationship was not statistically significant (p value > .751) at 95% significance level. Again, there was a positive relationship between globalization and age (r= .359), though this relationship was not statistically significant (p value > .252) at 95% significance level. In addition, results show that there was a negative relationship between legal and regulatory framework and sex (r= -.109), though this relationship was not statistically significant (p value > .735) at 95% significance level. Again, there was a negative relationship between legal and regulatory framework and age (r= -.160), although this relationship was also not statistically significant (p value > .620) at 95% significance level. These results are illustrated in Table 4.17 below.

**Table 4.17: Correlation between SMEs Globalization, Legal and Regulatory Framework, Sex and Age**

<table>
<thead>
<tr>
<th></th>
<th>Globalization in SMEs</th>
<th>Sex</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globalization in SMEs</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.103</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td>.751</td>
</tr>
<tr>
<td>Legal and Regulatory</td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Framework</td>
<td></td>
<td>.677**</td>
<td>-.109</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.735</td>
</tr>
</tbody>
</table>

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

Findings here show that legal and regulatory framework has some effects on the globalization of SMEs. According to the findings, sound and viable economic policies were necessary for globalization while unrealistic regulatory framework and lack of trust in court systems discouraged SME globalization. SME globalization were also challenged by size-based rules biases against SMEs and difficulties of regulations. The regulations establish prevented market entry, business innovation and growth. Under state taxation, results show that globalization was hindered by complex and extreme taxation, high taxes, multiple taxation and effective business taxations. SMEs are only encouraged to invest in countries with friendly taxation system. Under maintenance of law and order, findings show that
establishing stable conditions encouraged SMEs establishing in those markets. The legal and regulatory framework that cushioned SMEs from harm and abuse and hard support mechanism encouraged globalization. SMEs in globalization are however challenged by compliance to customs, trade, health, safety and public regulations and labour markets regulations and abiding to stipulated laws. The correlation analysis show that there was a positive strong correlation between legal and regulatory framework and SMEs globalization.

4.7 Regression Analysis
Regression analysis was performed to measure the level to which globalization in SMEs is influenced by technology, financial resources and legal and regulatory framework. The model summary show that R value is 0.805. This displays the correlation in the model, and for this model, the correlation level is high. The R-squared is 0.555. This means that 55.5% of globalization in SMEs among IT based SMEs is accounted by technology, financial resources and legal and regulatory framework. The remaining 44.5% of globalization in SMEs is accounted for by other factors beyond this model. The adjusted R-squared value is 0.516. This is the value of R-squared when more independent variables are introduced to the model, and in this case it shows a decrease from R-squared meaning the correlation of the added variable to the model is not strong. The standard error of the estimate measures the precision of predictions made with the regression line. In this case its value is 0.38072. This value is closer to zero showing the points in the graph were closer to the regression line hence the model was better in predicting the dependent variable. This results are shown in Table 4.18 below.
The ANOVA table shows how good the regression equation fits the data. As revealed in the table 4.19, the sum of squares measures how far distinct measurements fall from the mean. A high value shows that most of the measured values are far from the mean, which is an indication of high variability. The sum of squares measure for this model is 0.625 with a degree of freedom of 3 and mean square of 0.208 with F value of 0.697 which was significant at a p value < 0.00. This means that the regression model predicts the dependent variable significantly well.

Table 4.19: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.625</td>
<td>3</td>
<td>.208</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>2.389</td>
<td>8</td>
<td>.299</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3.014</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs_Globalization
b. Predictors: (Constant), Legal_and_Regulatory_Framework, Technology, Financial_Resources

Table 4.20 below illustrates the regression coefficients. As shown in the table the coefficient for technology is .637, this means that with a unit increase in technology, globalization in
SMEs increased by 0.637. The regression coefficient for financial resources is .515, which shows that with a unit increase in financial resources globalization in SMEs increased by 0.515. The regression coefficient for legal and regulatory framework is .126; this shows that with a unit increase in legal and regulatory framework, globalization in SMEs increased by 0.026.

The beta coefficients show the relative influence of each of the independent variable in determining globalization in SMEs. Technology is shown to be more significant than the other variables in predicting globalization in SMEs, beta = .483. Financial resources follow next as a significant predictor of organizational effectiveness beta = .323. Legal and regulatory framework comes third in the significance level in predicting organizational effectiveness, beta = .026.

Therefore, this study model is represented as:

\[ Y = 2.553 + .673X_1 + .515X_2 + .026X_3 \]

\[ Y = \text{SMEs globalization; } X_1 = \text{Technology; } X_2 = \text{Financial resources; } X_3 = \text{legal and regulatory framework.} \]

**Table 4.20: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.553</td>
<td>1.178</td>
</tr>
<tr>
<td>Technology</td>
<td>.673</td>
<td>.494</td>
</tr>
<tr>
<td>Financial_Resources</td>
<td>.515</td>
<td>.582</td>
</tr>
<tr>
<td>Legal_and_Regulatory_Framework</td>
<td>.026</td>
<td>.331</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs_Globalization
4.8 Chapter Summary
This chapter has presented the research findings that have been aligned with the research objectives. The findings have also included the background data on the respondents who participated in the study. Findings on the background information of the respondents show that majority of the respondents were male. Majority of the respondents were youth of between 22-35 years of age, and most of them had a bachelor’s degree. Most of the SMEs sampled were in operation for around 1-5 years. Again, most of the SME ownership was sole proprietorship and most of them operated regionally. It was established that majority of the SMEs that were operating locally had strategies for expanding globally.

Findings on the influence of technology on globalization of SMEs revealed that there was a positive significant Pearson correlation between globalization in SMEs and technology ($r=0.621$) and is significantly related to globalization in SMEs ($p$ value < 0.000). According to the regression coefficient, the coefficient for technology was 0.637, which show that with a unit increase in technology, globalization in SMEs increased by 0.637. The findings on the influence of financial resources on SMEs globalization show that there was a positive significant Pearson correlation between globalization in SMEs and financial resources ($r=0.821$) and is significantly related to globalization in SMEs ($p$ value < 0.001). Again, the regression coefficient for financial resources was 0.515, this shows that with a unit increase in financial resources globalization in SMEs increased by 0.515.

The findings on the influence of legal and regulatory framework show that there was a positive significant Pearson correlation between globalization in SMEs and legal and regulatory framework ($r=0.677$) and is significantly related to globalization in SMEs ($p$ value < 0.000). The regression coefficient for legal and regulatory framework was 0.126. This show that with a unit increase in legal and regulatory framework, globalization in SMEs increased by 0.026. According to the model summary, the $R$ value was 0.805, which show that there was a high correlation in the model. The $R$-squared was 0.555, which meant that 55.5% of globalization in SMEs in IT trade sector was accounted for technology, financial resources and legal and regulatory framework.
CHAPTER FIVE

5.0 DISCUSSION CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a discussion on the findings of the study which are related to other findings established by different authors in similar studies. After the discussion follows the conclusions drawn from the study findings then the recommendation. All these sections have been arranged in line with the study objectives. The chapter first starts with a summary presentation of the whole study.

5.2 Summary

The main purpose of this study was to establish factors affecting the globalization of small and medium enterprises in Nairobi, in the IT trade industry. The study was guided by three objectives, which include: to establish the influence of technology on globalization of SMEs in the information technology trade industry; to examine the influence of financial resources on globalization of SMEs in the information technology trade industry; and to determine the influence of legal and regulatory framework on globalization of SMEs in the information technology trade industry.

This study used a descriptive research design to examine the influence of technology, financial resources and legal regulatory framework on globalization of SMEs in the IT trade industry. The study population comprised of 103 SMEs operating in Nairobi in the IT trade industry. The SME managers were involved directly in responding to the study questionnaire. Stratified sampling technique was used to select samples for the study; strata were constructed in relation to the zoning of market regions in Nairobi. A sample size of 62 SMEs was used in the study. Data was collected through a structured questionnaire, the analysis was done through descriptive and inferential statistics. Descriptive statistics encompasses mean score and standard deviation, while inferential statistics used correlation and regression analysis. Data was presented in figures and tables.

The findings on the first objective of the study show that technology is highly used to carry out market activities in the international markets. The market activities found to be carried out through technology include, cooperating with international stakeholders and accessing international markets. Findings have also shown that technology helped SMEs access and operate efficiently in the international markets while it also introduced innovative transactions. Under foreign market communication, it has been seen that technology was
used to inform customers of new products, advertise products and create market relationships. Under foreign market research, technology helped to conduct market research, identifying consumer behavior, researching international markets without relocating, and processing market research information. Correlation analysis show that there was a positive significant Pearson correlation between globalization in SMEs and technology ($r= 0.621$) and is significantly related to globalization in SMEs. The $p$ value is less than the significant value of 0.05 ($p$ value < 0.000). The regression coefficient for technology was .637, which show that with a unit increase in technology, globalization in SMEs increased by 0.637.

The findings on the second objective of the study show that financial resources are important in facilitating globalization in SMEs. According to the findings financial resources support business growth and business operations. Finances in a business seeking globalization are needed for funding daily operations and purchasing capital, labour and raw materials. Inadequate financial resources will expose the business to inappropriate technology, expensive short term finance and informal financial sources. Results under employee recruitment show that financial resources are needed to facilitate globalization by providing budget for recruiting new employees and their remuneration. This will also ensure right recruitment for managerial experience. Findings under market establishment show that funds are need to set-up new ventures in the international markets and meeting the administrative and legal costs. The SMEs in globalization were challenged by high exchange rates, high inflation rates, foreign fees and duties due to their inadequate finance to meet these costs. Correlation analysis show that there was a positive significant Pearson correlation between globalization in SMEs and financial resources ($r= 0.821$) and is significantly related to globalization in SMEs ($p$ value < 0.001). Again the regression coefficient for financial resources is .515, which shows that with a unit increase in financial resources, globalization in SMEs increased by 0.515.

The findings on the third objective of the study show that legal and regulatory framework has some effects on the globalization of SMEs. According to the findings, sound and viable economic policies were necessary for globalization while unrealistic regulatory framework and lack of trust in court systems discouraged SMEs globalization. SME globalization also challenged by size-based rules biases against SMEs, difficulties of regulations. The regulations establish prevented market entry, business innovation and growth. Under state
taxation, results show that globalization was hindered by complex and extreme taxation, high taxes, multiple taxation and effective business taxations encouraged SMEs to invest in countries them.

Under maintenance of law and order, findings show that establishing stable condition encouraged SMEs establishing in those markets, the legal and regulatory framework that cushioned SMEs from harm and abuse and hard support mechanism encourage globalization. SMEs in globalization are however challenged with compliance to customs, trade, health, safety and public regulations and labour markets regulations and abiding to stipulated laws. The correlation analysis show that there was a positive significant Pearson correlation between globalization in SMEs and legal and regulatory framework (r= 0.677) and is significantly related to globalization in SMEs (p value < 0.000). The regression coefficient for legal and regulatory framework was .126; this show that with a unit increase in legal and regulatory framework, globalization in SMEs increased by 0.026. According to the model summary, the R value was 0.805, which show that there was a high correlation in the model. The R-squared was 0.555, which means that 55.5% of globalization in SMEs in IT trade sector was accounted by technology, financial resources and legal and regulatory framework.

5.3 Discussion of Findings
This part presents a comprehensive discussion of the findings obtained from the data gathered and analyzed from respondents. These findings represent the true picture in the field and they are linked to the literature reviewed in chapter two. The discussion starts with the demographic information from the field.

5.3.1 Demographic Information
Findings on the background information show that majority of the respondents were male. This clearly shows that less women are taking up business ventures in IT based SMEs in Nairobi than men and that most of the respondents were young. In addition, results show that most of the respondents had had a bachelors’ degree while others had a diploma certificate and a masters’ degree. This is an indication than more young people are involved in SMEs. This could be explained by the high unemployment rate among the youth in the country that pushes them to small business enterprises.
In addition, findings show that most of the businesses had been running for 1-5 years and were solely owned and the others were owned rather than have partnerships. Demographic information show that majority of the SMEs, were operating regionally mainly in the East Africa region and within the Africa continent even though others had extended their operations internationally. This shows that SMEs were actually embracing globalization with their expansion in the foreign markets. Out of the SMEs that had not yet embraced globalization, 67% had plans for globalizing while 33% did not considered globalization in their plans. This shows that SMEs who have not yet taken up globalization even though most of them have plans to globalize their operations.

5.3.2 Globalization
Globalization refers to the integration and interdependence of world economies over rapid proliferation of cross-border movement of goods and services, technology and financial resources and human resources (Oyedele, Kareem, & Akanbi, 2016). This is facilitated by the emerging technology and the economic liberalization. The development of globalization has resulted in the widespread of business activities across the world. This study considered globalization as described by Morris, (2014) who defined globalization in an economic perspective. According to him, globalization involves minimizing or eliminating the barriers restricting the free movement of business, trade, investment as well as labour beyond national borders. According to the findings of this study, there are a lot of foreign competitors in the local market and that SMEs were forced to compete both locally and globally. This show that indeed SMEs were faced with globalization. These findings agree with Karagozoglu and Lindell (1998) and Litvak (1990) who argue that IT based business have grown with development propelled by international technology-based companies and increased global competition has pushed many SME technologies based companies to adopt globalization.

Results also show that, SMEs have gone outside the country to find new market space. Through technology, they have been able to expand their business operations across borders. Again, globalization in SMEs has been made possible by affordable tariffs that enable them to trade/move goods across borders. This shows that SME are no longer confined within their mother country. The findings here resonate with Oyedele, Kareem and Akanbi (2016) who are of the opinion that with globalization, SMEs have been given a new lifeline in international markets, where they can easily expand their business beyond
their mother country as enabled by technology and relaxed policies, affordable tariffs in cross-border movement of goods and services.

Findings also establish that financial resources have enabled SMEs to expand their business operations across borders. According to UNDP (2008) in both the developed and developing economies, finance has been identified as the most important factor determining the survival and growth of Small and Medium Enterprises. Findings here also correlates with Winton and Yerramilli, (2008) who note that the prospect of expanding a business to a global scale needs financial resource to facilitate the acquisition of assets and other operation’s needs. Results also show that affordable tariffs enabled them to trade/move goods across borders.

Further, results also show that there was reduced barriers to international trade, thus SMEs are able to trade outside. According to Urata, (2002) liberalization of foreign trade and investment, deregulation and scraping off of local regulations have enabled the economic growth of countries. The findings here agree with Sonia and Kansal (2013) who notes the role of globalization as facilitating the reduction of the various barriers and increasing the mobility of factors of production, labor force, and goods. Findings further show that the removal of internal barriers has led to freedom of finance in the markets. This is in line with the argument presented by Onyeaghala and Anele (2014) that increase in globalization helps to remove all internal barriers to freedom of finance and capital, promoting real opportunities and choices of markets.

In addition, findings show that SMEs were able to learn new skills and knowledge from the international markets. They also enhanced partnerships facilitated with the transfer of information and communication. According to Lundström, (2009) globalization benefits SMEs by providing them with linkage to global chains of production at various stages. This linkage provides the SMEs with the highest growth potential and access to international markets, finance, management skills and knowledge and engagements in mutually beneficial relationships (Tambunan, 2009). The findings here are also in line with the views of Harvie, Oum and Narjoko (2013) who states that one of the benefits of globalization to SMEs is taking skills and knowledge across the globe and widening their horizon which leads to increased collaborations. They further state that, the ability to transfer information and communicate all around the world enables companies to focus on the core competencies that lead to better partnerships. Findings also show that SMEs had gained a
superior position which enabled them gain more consumers. These findings support the argument put forward by Oloruntoba, Kareem and Akanbi, (2016) that in globalization, SMEs are provided with a superior position to gain a more significant number of consumers and products.

Moreover, findings show that SMEs sometimes outsource secondary activities to their business from offshore to gain a competitive advantage. With increased globalization there is an avenue for cheap and quality business services outside that attracts SMEs. The findings here resonate with Lunati et al., (2008) who assert that SMEs choose to outsource the noncore activities, even offshore when it allows them to gain competitiveness from the rationalization of optimizing resource allocation and production. Results also show that SMEs had been able to participate in the global value chain which had enhanced internationalization and growth in their business. According to Lundström (2009) globalization presents SMEs with an opportunity of integrating them with global chains of production at various stages. He further notes that the linkages present small firms with the highest growth potential and access to international markets, finance, management skills and knowledge and engagements in mutually beneficial relationships.

Further results show that businesses had greatly benefited from information flow across their markets. They also had a great learning opportunity in the area of their business while they also gained a lot from technology transfer across the global markets. This observation supports the opinion of Foghani, Mahadi and Omar (2017) who posit that globalization enables SMEs to cooperate with partners upstream and downstream improving the efficiency of small firms and providing them with such benefits as information flow, learning opportunities and technology transfer. Findings also show that SMEs respondents understood the evolving global context to enable them device successful market strategies. This is the opinion that is also held by Bouazza (2015), who opines that by applying resources and time in understanding the evolving global context firms are able to devise successful market strategies.

5.3.3 Influence of Technology on Globalization of SMEs

Technology is the knowledge and/or technique of doing things. It is linked to getting specific outcomes, resolving specific problems, completing specific tasks through specific tasks, using knowledge and exploiting assets (Lan & Young, 1996). Technology has been seen to influence every sphere of life tremendously. According to Eatock, Paul and Serrano
(2001) technology has a significant role in every business operation. It has brought innovative changes in business operations. On the other hand, Lamba, (2009) notes that technology is a vital force in the new form of business globalization. While Eatock, Paul and Serrano (2001) acknowledge that technology brings changes in every business operation. Lamba, (2009) argues that technology is critical in globalization. Still they have not demonstrated the actual influence of technology on globalization and specifically in IT based SMEs. Consequently, the current study has tried bridging this gap by showing that IT has positive significant influence on SMEs globalization in the IT based trade industry. The results show that 1 unit of technology positively influenced globalization by 0.637.

Further findings on technology show that technology facilitated business cooperation with its stakeholders in the international markets. It also enabled businesses to operate efficiently in the international markets and allowed them to search the world for opportunities by removing physical barriers. It further introduced innovative transactions such e-business in the SMEs. These findings are in line with Lawlor (2007) who argue that technology’s capability to create normalization of global computing platforms has enabled cooperation and innovation in business, which has made business operate efficiently disregard of the distance, time or physical location and this has facilitated the businesses to search the world for opportunities. Findings also show that technology adoption in business reduce transaction costs. Similarly, Boateng (2004) argues that technology has greatly reduced cost of operating business over shores.

In addition, results show that technology has helped expand the scale of business; and helped businesses to access long distance located market in a reduced time. Lamba, (2009) argues that innovative transactions in business brought by technology facilitated business transactions in large volumes. He also noted that technological development made physical distance, location and time irrelevant. However, the study could not establish whether information technology had increased the production in their businesses. This failed to ascertain the argument of Lamba (2009) who notes that technological development improved production capacity of a business.

Findings show that SMEs are able to stay in touch with foreign market developments through technology. Those findings agree with those of Brady, Fellenz and Brookes (2008) who observe that for over half a century, technology has grown to support business communication and information processing across all business operations. According to
them ICT had helped business in creating and sustaining market relationships. This affirms Brady, Fellenz, and Brookes, (2008) position that use of ICT applications that offer linkages between consumers and businesses comprising of synchronous and asynchronous communications, extensive computer networks and continuous and fast data processing applications enhances the use of IT in creating and sustaining market relationships. Results show that technology had enabled business to constantly inform their customers of new products in their business. According to Ehikwe, (2013) new technology facilitate foreign marketing communication which constantly enhance consumers’ knowledge in different countries on products produced outside their borders.

Findings show that SMEs had effective communication with their markets through the fast and precise communication offered by technology. This was also the opinion of Demetrian, (2015) who held that SMEs are able to ensure effective communication through the advanced technology that are fast and precise in communication. Again it was shown that computerized information systems had enhanced business advertisement. This was the case observe by Hamidi and Safabakhsh (2011) who state that IT through information systems enables marketing communication in planning, sales and advertisement, product management, distribution channels and direct sales. Results also show that mobile communication and connectivity had revolutionized communication in business. This confirms Smith’s (2016) observation that mobile communication and connectivity has revolutionized communication in business by changing ways through which messages are planned and distributed.

Further, results show that technology had transformed how SMEs conduct marketing research. This finding correspond to Espinoza, (2006) who argue technology changes the ways in which marketing managers carry out their work while it also offers new ways of carrying out research. Findings also show that SMEs are able to carry out foreign market research to identify consumer behavior and to strategically position their business. They are able to do this without relocating to these markets. According to Hamidi and Safabakhsh (2011) IT plays a critical function in the organization of research and growth, production and marketing operations across borders. Young and Javalgi (2007) also opined that SMEs need to carry out a research into the foreign markets to identify consumers’ behaviors and prospective business positioning strategies. Findings show that SMEs are able to research international markets without relocating to these markets.
Findings show that SMEs are able to gain information on the competitive nature of foreign markets through information technology. Again technology through facilitating research was found to have helped SMEs enter foreign markets in the best way possible. These findings affirm Lee’s (2012) assertion that foreign market research provides information about the competitiveness of the foreign market, the best market to venture into and the best way to access this market. It was also established that SMEs use information systems to process market research information. This is in accordance with Litan et al., (2010) who note that with the current era of information technology, market research information can only be processed with the aid of information systems and clearly they are more than often collected through the internet.

5.3.4 Influence of Financial Resources and Globalization of SMEs

Financial resources are the capital in a business that is necessary for the expansion and innovation in the business that enable it attain its goals (Boateng, 2004). It is considered important for globalization as it facilitates such activities of a business such as staff hiring, product development, market establishment and customer attraction (Agnew, 2003). However, to the knowledge of this study, there is no proper knowledge that shows how financial resources influence globalization in business more so IT based trade SMEs. This study thus show that financial resources is a significant factor when it comes to globalization. According to the findings here, it has been shown that 1 unit of financial resources will influence 0.515 units of globalization in SMEs, which was a significant value.

Further findings on financial resources show that in order for globalization to take effect in a business, adequate financial resources are also of essence to facilitate oversees operations in the business. Even though technology advancement and relaxed regulatory framework, have greatly reduced cost of operating business over shores still financial capital is needed for the over shore activities of the business (Boateng, 2004). Financial resource is the capital in a business that is necessary for the expansion and innovation in the business that enable it attain its goals (Boateng, 2004). It facilitates such activities of a business such as staff hiring, product development, market establishment and customer attraction (Agnew, 2003). It would thus be impossible for a business to expand globally if enough financial resources are not available to fund the global business operations.
In all the business activities, the business needs adequate capital to finance the operation. Due to the informal nature of SMEs, they may be constrained in acquiring sufficient capital to facilitate their operations. Abdullahi, et al., (2015) note that financial resources are needed for business expansion and success. Lack of financial resources to an enterprise will inhibit the growth and expansion of the business and could even lead to shutting down. The prospect of expanding a business to a global scale needs financial resource to facilitate the acquisition of assets and other operation’s needs (Winton & Yerramilli, 2008). This study investigated the financial impact on SMEs in their global operations.

The study results could not establish whether SMEs had adequate financial resources for funding business operations, growth of their business and to cater for their daily operations. These findings failed to ascertain the argument placed by Duff (2010) that each and every business enterprise needs adequate financial resources for their development, daily operations and growth. Again findings could not establish whether SMEs had adequate financial credit for purchasing capital, labour and raw materials. This finding could not therefore confirm Aketon’s (2007) argument that financial credit is one of the most important financial service for the business development, without which various inputs like capital, labour and raw materials may not be purchased. Findings also establish that SMEs had been forced to use inappropriate technology due to their inadequate financial resources. These findings agree with Kamunge, Njeru and Tirimba (2014) who note that many SMEs in Nairobi use inappropriate technology because it is the only one their financial resources can afford.

In addition, results establish that SMEs rely on short term finance that is quite expensive hindering expansion of the business to global markets. Similarly, Kamunge, Njeru and Tirimba (2014) note that SMEs continue to perform poorly due to their reliance on short term finance and therefore they have no potential to expand outside the country. Findings show that SMEs use informal financial sources that have not been adequate enough in supporting globalization in my business. This is in line with FSD Kenya, (2007) who found out that majority of the SMEs in Kenya use informal providers of financial services like Accumulating Savings and Credit Associations (ASCAs) and Rotating Savings and Credit Associations (ROSCAs). Findings further show that SMEs are discouraged from establishing business operations in foreign markets by high start-up costs. This was also observed by Andersson and Arvidsson (1992). They note that start-up costs are the greatest
challenge of establishing business operations in foreign markets. It was found out that SMEs had adequate information on the available sources of finance for their business. The results could however not ascertain if SMEs had enough collateral to secure loans for their businesses. This finding failed to support the argument of Kamunge, Njeru and Tirimba (2014) that even where credit is available SMEs may lack freedom of choice for the credit source due to the collateral needed for loans.

This study establish that SMEs lacked adequate financial resources that would enable their business recruit the appropriate individuals for foreign investments. This correspond to Onteri, (2012) who pointed out that one of the challenge in business in recruiting the appropriate individuals was inadequate financial resources. However, findings could not establish whether the financial capacity of SMEs determined the budget size apportioned to their recruitment process. This failed to ascertain the observation made by Onteri, (2012) that financial capacity of SMEs will determine the budget size apportioned to the recruitment process. It was again established that SMEs are unable to hire workers for their expanded business. This affirms to Velocity global. (2017) who noted that business that expand to outside markets are more than often presented with the challenge of hiring individuals to work in the foreign markets.

Study results show that recruitment of SMEs is determined by the economic conditions and the financial position of their business. This agrees with Onteri, (2012) who found that recruitment in SMEs was influenced by the economic conditions and the financial position of SMEs among other factors. Findings could however not establish whether SMEs lacked sufficient funds to provide better compensation for employees in their global ventures. According to Gamage (2014) a business which is able to offer adequate compensation will have a motivated workforce that would help it succeed in globalization. Findings show that SMEs struggled with managerial inexperience due to lack of financial resources to recruit diversified managers. This results affirm the findings of Karagözoglu and Lindell, (1998) who found out that SMEs in their globalization are faced with a number of challenges due to their inadequate resources and capacity among others. They struggle with managerial inexperience due to lack of financial resources to recruit culturally diverse managers that can drive the SMEs to global success.

Further the results show that lack of enough finance has hindered SMEs from creating new ventures and growing. These findings agree with the observation made by Atherton, (2012)
that SMEs when challenged in getting financial resources, they face difficulties in creating new ventures and growing their business. Results also indicate that the high cost of doing business in foreign markets challenged globalization of SMEs. Study findings further show that high administrative and legal costs are a financial challenge in expanding SMEs business to foreign markets together with high exchange rates for foreign currency and high inflation rates. These findings correspond with Bartley and Minor, (1994) who note that foreign markets entry poses financial challenges that is as a results of financial, administrative and legal factors such as exchange rates, high inflation and interest rates.

Results also show that lack of enough funds for SMEs to cater for fees and duties in foreign countries has challenged the globalization of their business. This was also argued by Bartley and Minor, (1994); they note that factors that drive the cost of establishing business in foreign markets include fees and duties in foreign countries and could vary or it could be introduced from nowhere while bureaucracy could also eat into SMEs finances. Results also show that lack of enough funds had negatively affected capacity development and skills shortage in their business. These findings correspond with Ochieng (2010) who observe that inadequate capacity development and skills shortage are some of the factors that pose challenges to the development in SMEs.

5.3.5 Influence of Legal and Regulatory Framework on Globalization of SMEs

The legal and regulatory framework establish the rules applicable in a society and govern the way in which the government, SMEs and civil society interact with each other (OECD, 2004). The legal and regulatory framework influence investment decisions, the opportunities and rewards available to enterprises. According to Adala, (2014) every country across the world abide in in their own system of regulation; business functioning in that country needs to follow the regulation system in place there. In following this regulation, the business is met with some cost that may affect the investment positively or negatively. According to World Bank, (2003) governments across the world have adopted various reforms that include macro-stabilization agendas, privatization, price liberalization and elimination of trade barriers. All these are done in an effort to create a healthy business environment that can span the growth of the country economy. The regulation set up with the government go a long way in facilitating the expansion and growth of SMEs. However, to the knowledge of this study, the influence of the legal and regulatory framework on SMEs globalization more so in the IT trade industry it is yet to be documented.
Subsequently, this study argues that the legal and regulatory framework significantly influence globalization. Results show that one unit of legal and regulatory framework, influenced 0.026 of globalization in SMEs.

In addition, results on the legal and regulatory framework, show that SMEs globalization is greatly supported by sound and viable economic policies. This results correspond with establishment of OECD, (2004) that operating business environment that depends on the ability of government to implement sound and viable economic policies is crucial for SMEs business decisions. Results also show that unrealistic regulatory framework had been a barrier to SMEs going global. This is in line with Bannock et al., (2000) who argue that when regulation is imposed at unrealistic levels and inadequately enforced it will affect SMEs globalization acting as a barrier. Findings also show that low trust in the court system challenged globalization in SMEs. Results could however not establish whether proper laws enforcement on globalization had supported globalization. On the other hand, it was shown that there are size-based rules biases against SMEs, hampering their growth. This corresponds with Shiffer and Weder (2001) who noted that there are size-based rule biases against SMEs, and more so against smaller firms in the microeconomic environment and the SMEs.

Findings also show that SMEs are less able of dealing with the difficulties of regulations. This is in line with Poutziouris & Chittenden, (2003) who posit that small business are affected by excessive regulation more than the large business because they are less capable of dealing with the difficulties of regulations. Again findings show that regulations had discouraged SMEs from new market entry, innovations, investments and growth. These findings are in line with Akinboade, (2014) who observes that regulations may discourage market entry, innovations, investments and growth in business. Other findings could however not establish whether regulations had distorted the markets while decreasing business income. This study failed to ascertain the observation of Akinboade, (2014) that regulations may distort the market and decrease business income.

Further findings show that complex and extreme taxation in foreign markets has discouraged SMEs investment there. On the other hand, SMEs are more likely to venture out in foreign markets where there is friendly taxation system. These findings resonate with Gabriel, (2015) who argues that complex and extreme taxation discourages external investors while pleasant taxation will attract and encourage external investors. Finding
show that SMEs are more likely to venture out in foreign markets where there are friendly taxation systems. Results also show that revenue systems have decreased SMEs profits which had hindered business growth. According to Adebisi, and Gbegi, (2013) heavy taxation does not allow SMEs enough profit that can enable them expand, up to even global markets. Findings show that tax rate had influenced SMEs prices, pushing them high and thus discouraging buyers. Taxation was also observed to have hindered the growth of SMEs. These results correlates to with those of Tee, Boadi, and Opoku, (2016) who argue that tax rate influenced prices, and high taxes means high prices which in the end discourage sell depriving SMEs of incomes. Their findings also show that taxation hindered SMEs growth.

This study further argues that multiple taxation by government regimes is a negative factor in the expansion of SMEs. The findings here affirm those of Adebisi, and Gbegi, (2013) which also found that multiple taxation influence SMEs growth and existence in a negative way. Results also establish that SMEs are discouraged by effective business taxations to invest in foreign countries. This finding conform to Djankov, et al., (2010) who found out that effective business taxations have a great significant negative influence on business investment as well as on entrepreneurship activities. Results also show that state taxation had greatly minimized SMEs income preventing its expansion. This corresponds to the observation made by Adebisi, and Gbegi, (2013) that heavy taxation does not allow SMEs enough profit that can enable them to expand.

This study finding also show that regulation had ensured stable business conditions where business can be done smoothly, and it has ensured a higher level of trust improving business development. This is in line with Akinboade, (2014) who notes that regulation is important in ensuring a stable business conditions and to establish levels of trust in business that can benefit development of SMEs. It was shown that compliance with customs, trade, health, safety and public regulations greatly impacted their business development. This was similarly observed by Akinboade, (2014) that high compliance to customs, trade, health, safety and public regulations greatly impacts business development. Results also show that regulatory framework had cushioned SMEs from harm enabling them to grow. According to Coglianese, (2012) regulatory framework are establish to observe specific behavior in order to reduce the possible harm or abuse to other business or the environment.
Further, findings show that regulation establish support mechanisms that enhanced the business environment. This is in line with Poutziouris and Chittenden (2003) who noted that regulatory measures and tax systems are establish with the purpose of enhancing the environment around small business, which supports their existence, growth and advancement into global competitive enterprises. Findings could however not establish whether labour markets regulations negatively affected their business. This failed to ascertain the findings of Meyer and Vandenberg, (2013) that businesses that deal in international markets might find that regulation in the labor market as more of a restraint than business operating in the local markets. According Meyer and Vandenberg, (2013) small enterprises because of their less potentials for internal changes may hurt from regulation in the labor market. Findings show that abiding to the stipulated laws had placed a huge burden to SMEs due to compliance costs. This corresponds to Akinboade, (2014) who observe that regulation to a business could be a problem because it entails deviation of limited resources from industrious, profit making operations to the understanding and compliance with the regulations.

5.4 Conclusions
This part draws conclusions from the results presented in chapter four. The demographic information presented concludes that there were more men than women running the SMEs and these were young between 22-35 years. Most of these respondents had a bachelor’s degree. The majority of the business had been in operations for 1-5 years and they were solely owned. Majority of the SMEs were operating regionally even though others had extended their operations internationally. Out of the SMEs that had not yet embraced globalization, 67% had plans for globalizing while 33% did not considered globalization in their plans. Findings on globalization led to the conclusion that SMEs had embraced globalization. Findings demonstrated that there was presence of foreign competitors in the local market and there was movement of goods, capital, services and information across borders. The SMEs also participated in the emerging market economies. The next section draws conclusion from the findings of each objective of the study.

5.4.1 Influence of Technology on Globalization of SMEs
Findings here led to the conclusion that technology has some significant influence on the globalization of SMEs. This technology helps SMEs to communicate with the outside markets that are out of their locality in an efficient manner. It creates market connection for
the SMEs and ensures the connection is sustained and offers new ways for advertising in the foreign markets. This study further concludes that technology in SMEs has enabled foreign market research and revolutionized the whole process of market research. Through technology, SMEs are able to carry foreign market research without relocating to these markets. Technology also has enabled new means of processing market research information.

5.4.2 Influence of Financial Resources on Globalization of SMEs
The results obtained here led to the conclusion that financial resources have a significant influence on globalization in SMEs. It concluded that financial resources are needed in SMEs globalization to enable them hire staff that would support and manage the overseas establishment. Moreover, recruitment and selection in SMEs is much reliant on the economic conditions and the financial position of the SMEs. Conclusion is also made that financial resources also play a major role in expanding SMEs to the global scene; funds are needed to create overseas venture. This study also concludes that the international market activities that require substantial resources include administration, legal services and capacity development.

5.4.3 Influence of the Legal and Regulatory Framework on Globalization of SMEs
Findings here lead to the conclusion that the legal regulatory framework plays a significant role in globalization in SMEs. Sound and viable economic policies are the foundation for globalization, while unrealistic regulations undermine globalization. Globalization is also hindered by untrustworthy court systems in the country. SMEs are also disadvantaged in globalization due to size-base rules that are biased against their small size. Regulations also restrict market entry, innovation and investments. Legal regulatory framework also ensures there is law and order in the market leading to a stable business environment. SMEs development is supported by customs, trade, health, safety and public regulations. The regulations also protect SMEs from harm and abuse from their business dealings. However, in the regulation, SMEs are supposed to observe place a huge burden on SMEs.

5.5 Recommendations
This part provides recommendation for improvement and for possible future research. The recommendation is made for each objective sought in this study.
5.5.1 Recommendation for Improvement

5.5.1.1 Influence of Technology on Globalization of SMEs

The findings illustrate the significance of technology in influencing SMEs globalization. Technology mainly facilitates foreign market communication through such technology as internet, telephone and short message services; technology also facilitates foreign market research. This study thus recommends that SMEs managers should embrace the emerging technology in their strategy for globalization. Technology should be used by marketers in carrying out foreign marketing to advertise, carry out market research and analyze market research information. The government should also invest substantially to develop its technology infrastructure to expose the SMEs to advanced technology that would provide them avenues for globalization efficiently.

5.5.1.2 Influence of Financial Resources on Globalization of SMEs

Financial resources were shown to be one of the significant factors that support globalization of SMEs. SMEs need significant amount of funds that would help them in catering for the operations of globalization such as hiring staff and setting up new shop in the foreign market. SMEs managers should create a substantial budget for hiring employees for their international establishment and also for setting up the new shop in international markets. Financial institution and government financial system should offer credit to SMEs to fund globalization process that is affordable to them.

5.5.1.3 Influence of Legal and Regulatory on Globalization of SMEs

The legal and regulatory framework was found to be an important factor in SME’s globalization. In an effort to promote globalization in SMEs governments and legislative bodies should establish friendly regulations that encourage SME’s globalization. States should also relax some of the sized based biased regulations on SMEs this will allow SMEs to venture into international markets. Regulations should also be established to protect SMEs from being exploited in the international markets by multinational companies and other players.

5.5.2 Recommendation for Further Research

This study investigated three factors that influence globalization in SMEs. This include technology, financial resources and legal and the regulatory framework. Other studies can be done in consideration of other factors such as infrastructure and culture. Similar studies
may also be carried out in other sectors of business such as manufacturing and agricultural sectors. Further, this study only concentrated in Nairobi County, more research can be done in other counties or even in the whole country.
REFERENCES


Schumpeter (1934) on the rediscovery of the entrepreneur and SME’s sector. Harvard University Press.


APPENDICES

Appendix 1: Introductory Letter

David Obonyo
P O BOX 104769-00100
NAIROBI

SMEs Manager
P O Box ….
NAIROBI

Dear Respondent,

RE: Request to Respond to an Academic Questionnaire

I am a student at United States International University - Africa (USIU - A) pursuing a masters’ degree. I request to conduct a research entitled: Factors Influencing the Globalization of Small and Medium Enterprises (SME’s) In Kenya: A Case of Selected SME’s In Nairobi, as part of the degree requirements.

This questionnaire is strictly for academic purpose and the information collected will be used to draw conclusions on the research topic. The information provided by the respondent will be kept confidential and will only be used for academic purpose.

The person managing the enterprise will be required to take part in this study by filling in the questionnaire. The enterprise to take part in the study have been randomly selected, participation is voluntarily. Kindly take a few minutes to complete the questionnaire.

Thank you for accepting to participate.

Yours faithfully

David Obonyo
Appendix II: Questionnaire for SMEs Managers

SECTION A: BACKGROUND INFORMATION

The aim of this questionnaire is to collect information regarding the factors that influence the globalization on SMEs. This first section entails the respondent’s bio data. Kindly respond to all questions by ticking [✓] against the statement that best describes you.

1. Sex: i) Male [ ] ii) Female [ ]

2. Age: i) Below 21 years [ ] ii) 22 – 35 years [ ] iii) 36 – 45 years [ ] iv) 46 – 55 years [ ] v) Over 55 years [ ]


4. How long has your business been running?
   i) Below 1 year [ ] ii) 1 – 5 years [ ] iii) 6 – 10 years [ ] iv) 11 – 15 years [ ] v) 15 – 20 years [ ] vi) Above 20 years [ ]

5. In relation to business ownership, in what category is your business
   i) Sole proprietorship [ ] ii) Partnership [ ] iii) Limited Company [ ]

6. Does the scope of your company operation extend?
   i) Regionally? [ ] ii) Internationally? [ ]

7. If none of above, does your strategic plan have prospects of going global in the next five years?
   i) Yes [ ] ii) No [ ]
SECTION B: THE GLOBALIZATION OF SMEs

This section contains statements assessing SMEs globalization. Please tick correctly in the boxes using a tick (√) or cross mark (x) the statement that describes your opinion in agreeing or disagreeing with each of the statements given. The scale used is: Strongly agree (SA) =1, agree (A) =2, Neutral (N) =3, Disagree (D) =4, strongly Disagree (SD) =5.

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<tbody>
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<td>1</td>
<td>The Globalization of SMEs</td>
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<td>2</td>
<td>There are a lot of foreign competitors in our local market</td>
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<td>3</td>
<td>We are forced to compete locally and globally</td>
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<td>4</td>
<td>We have gone outside our country to find new market space</td>
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<td>5</td>
<td>Technology has enabled me to expand my business operations across borders</td>
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<td>6</td>
<td>Availability of financial resources has enabled me to expand my business operations across borders</td>
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<td>7</td>
<td>Affordable tariffs have enabled me to trade/move goods across borders.</td>
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<td>8</td>
<td>Movement of Goods, Capital, Services and Information</td>
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<td>9</td>
<td>Globalization has given me the opportunity to trade with the outside world</td>
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<td>10</td>
<td>There is reduced barriers to international trade</td>
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<td>11</td>
<td>The removal of internal barriers has led to freedom of finance in our markets</td>
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<td>12</td>
<td>I am able to learn new skills and knowledge from the international markets</td>
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<td>13</td>
<td>I have enhanced partnerships as facilitated with the transfer of information and communication</td>
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<td>14</td>
<td>I have gained a superior position which enables me to gain more consumers</td>
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<td>15</td>
<td>Greater Participation in the Emerging Market Economies</td>
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<td>16</td>
<td>I sometimes outsource secondary activities to my business from offshore to gain a competitive advantage</td>
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<td>17</td>
<td>I have been able to participate in the global value chain which has enhanced internationalization and growth in my business</td>
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<td>18</td>
<td>My business has greatly benefited from information flow across our markets</td>
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<td>19</td>
<td>I have had greater learning opportunity in the area of my business</td>
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<td>20</td>
<td>My business has gained a lot from technology transfer across the global markets</td>
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<td>21</td>
<td>I am able to understand the evolving global context which has enabled me device successful market strategies</td>
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SECTION C: TECHNOLOGY AND GLOBALIZATION OF SMEs

This section contains statements assessing influence of technology on globalization of SMEs. Please tick correctly in the boxes using a tick (✓) or a cross mark (x), on the statement that describes your opinion in agreeing or disagreeing with each of the statements. The scale used is: Strongly agree (SA) = 1, agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, strongly Disagree (SD) = 5.

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<td>1</td>
<td>Technology has facilitated my business cooperation with stakeholders in the international markets</td>
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<td>2</td>
<td>Technology has enabled my business to operate efficiently in the international markets</td>
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<td>3</td>
<td>Technology has enabled my businesses to search the world for opportunities by removing physical barriers</td>
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<td>Technology has brought innovative transactions such e-business to my business</td>
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<td>5</td>
<td>Technology adoption for my business has reduce transaction costs</td>
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<td>6</td>
<td>Technology has helped expand the scale of my business</td>
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<td>7</td>
<td>Information technology has helped my business to access long distance located market in a reduced time</td>
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<td>8</td>
<td>Information technology has increased the production in my business</td>
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<td>9</td>
<td>I am able to stay in touch with foreign market developments</td>
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<td>10</td>
<td>ICT has helped my business in creating and sustaining market relationships</td>
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<td>11</td>
<td>Technology has enabled me to constantly inform my customers of new products in my business</td>
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<td>12</td>
<td>I have an effective communication with my markets through the fast and precise communication offered by technology</td>
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<td>13</td>
<td>Computerized information systems have enhanced business advertisement</td>
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<td>14</td>
<td>Mobile communication and connectivity has revolutionized communication in my business</td>
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<td>15</td>
<td>Technology has transformed how I conduct marketing research for my business</td>
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<td>16</td>
<td>I am able to carry out foreign market research to identify consumer behavior</td>
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<td>17</td>
<td>I am able to carry out foreign market research to strategically position my business</td>
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<td>18</td>
<td>I am able to research international markets without relocating to these markets</td>
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</table>
I am able to gain information on the competitive nature of foreign markets through information technology.

I have been able to enter foreign markets in the best way possible due to the insight provided by research through technology.

I use information systems to process market research information.

SECTION D: FINANCIAL RESOURCES AND GLOBALIZATION OF SMEs

This section contains statements assessing the influence of financial resources on globalization of SMEs. Please tick as correctly in the boxes using a tick (✓) or cross mark (x) the statement that describes your opinion in agreeing or disagreeing with each of the statements. The scale used is: Strongly agree (SA) =1, agree (A) =2, Neutral (N) =3, Disagree (D) =4, strongly Disagree (SD) =5.

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<tr>
<td>1</td>
<td>My business has adequate financial resources for funding business operations</td>
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<td>2</td>
<td>I have adequate financial resources that support the growth of my business</td>
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<td>3</td>
<td>I have adequate financial resources to cater for daily operations of the business</td>
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<td>4</td>
<td>My business has adequate financial credit for purchasing capital, labour and raw materials</td>
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<td>5</td>
<td>I have been forced to use inappropriate technology due to our inadequate financial resources</td>
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<td>6</td>
<td>My business relies on short term finance that is quite expensive hindering expansion of the business to global markets</td>
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<td>7</td>
<td>I use informal financial sources that have not been adequate enough in supporting globalization in my business</td>
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<td>8</td>
<td>I am discouraged from establishing business operations in foreign markets by high start-up costs</td>
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<td>9</td>
<td>I have adequate information on the available sources of finance for my business</td>
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<td>10</td>
<td>I have enough collateral to secure loan for my business</td>
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<td></td>
<td><strong>Employee Recruitment</strong></td>
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<td>11</td>
<td>We lack adequate financial resources that would enable the business recruit the appropriate individuals for foreign investments</td>
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<td>12</td>
<td>Our financial capacity determines the budget size apportioned to our recruitment process</td>
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<td>13</td>
<td>I am unable to hire workers for our expanded business</td>
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<td>14</td>
<td>Recruitment in my business is determined by the economic conditions and the financial position of my business</td>
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<td>15</td>
<td>My business lacks sufficient funds to provide better compensation for employees in our global ventures</td>
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<td>16</td>
<td>My business struggles with managerial inexperience due to lack of financial resources to recruit diversified managers</td>
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<td>17</td>
<td>Lack of enough finance has hindered me from creating new ventures</td>
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<td>18</td>
<td>Lack of enough finance has hindered me from growing my business</td>
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<td>The high cost of doing business in foreign markets has challenged globalization of my business.</td>
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<td>High administrative and legal cost is a financial challenge in expanding my business to foreign markets.</td>
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<td>High exchange rates for foreign currency pose financial challenges to the expansion of my business to international market</td>
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<td>High inflation rates also pose financial challenges in globalization</td>
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<td>Lack of enough funds to cater for fees and duties in foreign countries has challenged the globalization of my business</td>
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<td>Lack of enough funds has negatively affected capacity development in my business</td>
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<td>25</td>
<td>There is skill shortage in my business due to financial shortage</td>
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SECTION E: LEGAL AND REGULATORY FRAMEWORK AND GLOBALIZATION OF SMEs

This section contains statements assessing influence of legal and regulatory framework on globalization of SMEs. Please tick as correctly in the boxes using a tick (✓) check your grammar here, or cross mark (x) the statement that describes your opinion in agreeing or disagreeing with each of the statements. The scale used is: Strongly agree (SA) =1, agree (A) =2, Neutral (N) =3, Disagree (D) =4, strongly Disagree (SD) =5.

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<td>1</td>
<td>The globalization of my business has been greatly supported by sound and viable economic policies</td>
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<td>Unrealistic regulatory framework has been a barrier to my business going global</td>
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<td>Low trust in the court system challenges globalization in my business</td>
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<td>Proper laws enforcement on globalization has supported globalization</td>
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<td>5</td>
<td>There are size-base rules biases against SMEs hampering their growth</td>
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<td>6</td>
<td>SMEs are less able of dealing with the difficulties of regulations</td>
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<td>Regulations have discouraged market entry in our business</td>
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<td>8</td>
<td>Regulations have discouraged innovations in our business</td>
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<td>Regulations have discouraged investments in our business</td>
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<td>10</td>
<td>Regulations have discouraged growth in our business</td>
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<td>Regulations have distorted the markets while decreasing business income</td>
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<td><strong>State Taxation</strong></td>
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<td>12</td>
<td>Complex and extreme taxation in foreign markets has discouraged my investment there</td>
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<td>13</td>
<td>We are more likely to venture out in foreign markets where there is friendly taxation system</td>
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<td>14</td>
<td>Revenue systems have decreased our business profits which has hindered business growth</td>
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<td>15</td>
<td>Tax rate has influenced our prices pushing them high and thus discouraging our buyers</td>
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<td>16</td>
<td>High tax burdens has hindered the growth of our business</td>
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<td>Multiple taxation by government regimes is a negative factor in the expansion of my business</td>
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<td>18</td>
<td>I have been discouraged by effective business taxations to invest in foreign countries</td>
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<tr>
<td>19</td>
<td>State taxation has greatly minimized my business income preventing its expansion</td>
<td></td>
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<tr>
<td></td>
<td><strong>Maintenance of Law and Order</strong></td>
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</tr>
</tbody>
</table>

130
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Regulation has ensured stable business conditions where business can be done smoothly</td>
</tr>
<tr>
<td>21</td>
<td>There is a higher level of trust brought by regulation which has improved the development of our business</td>
</tr>
<tr>
<td>22</td>
<td>Compliance to customs, trade, health, safety and public regulations greatly impacts our business development.</td>
</tr>
<tr>
<td>23</td>
<td>Regulatory framework has cushioned my business from harm enabling it to grow</td>
</tr>
<tr>
<td>24</td>
<td>Regulatory framework has cushioned my business from abuse enabling it to grow</td>
</tr>
<tr>
<td>25</td>
<td>Regulation establishes support mechanisms that enhance the business environment</td>
</tr>
<tr>
<td>26</td>
<td>Labour markets regulations negatively affect my business</td>
</tr>
<tr>
<td>27</td>
<td>Abiding to the stipulated laws has placed a huge burden to my business due to compliance costs</td>
</tr>
</tbody>
</table>

THANK YOU!