THE EFFECT OF GLOBALISATION ON STRATEGIC MANAGEMENT AT ERNST & YOUNG (EY), KENYA

BY

ONG’AYI MELDIN NYAKOA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI
DECLARATION

This research project is my original work and has not been presented in any other University.

Signed.................................................. Date ..................................................

ONG'AYI MELDIN NYAKOA

D61/67281/2011

This research project has been submitted for presentation with my approval as University Supervisor.

Signed.................................................. Date ..................................................

Supervisor:  Mr. Jeremiah Kagwe

Lecturer, Department of Business

School of Business, University of Nairobi
DEDICATION

The research project is dedicated to my loving and caring husband, Reuben Alande and our children Johnwillis, Trina and Cher.
ACKNOWLEDGEMENT

I wish to recognise a number of individuals who contributed to the successful completion of this research project.

My sincere gratitude to my project supervisor, Mr. Jeremiah Kagwe, Lecturer, Department of Business Administration for his tireless guidance, selfless dedication and encouragement in making this project a reality. I also wish to acknowledge the contribution of the rest of University of Nairobi fraternity especially the library staff and MBA coordination office to the success of this project.

My sincere gratitude to Ernst &Young for the provision of the necessary data used in the completion of this study.

Most important of all I extend my gratitude to the Almighty God for providing me with strength, good health and knowledge that helped make this project a reality.

To all of you kindly accept my appreciation for your great support.
ABSTRACT

Globalisation is creating numerous opportunities for sharing knowledge, technology, social values, and behavioral norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures. Rapid globalisation is one of the most salient aspects of the new millennium, particularly since the fast development of information technology. Ernst & Young (EY) has a strong global leadership team that sets a single global strategy and agenda. In offering its services, Ernst & Young (EY) is expected to comply with both international and local regulatory framework, while at the same time adhering to a streamlined way of managing its business irrespective of the country of operation. The objective of this study was to establish the effects of globalisation on strategic management at Ernst & Young (EY), Kenya.

The research was based on a case study with the aim of creating a profile about a phenomenon. The study made use of primary and secondary data. The data obtained from the interview guide was analysed using content analysis, a technique used to make inferences through systematic and objective identification of specified characteristics of messages.

The study concludes that globalisation affected strategic management to a great extent at the firm. Because of globalisation, the firm had to open offices in different parts of the world in order to meet the needs of their customers who were expanding to other parts of the world other than their home country. The study further concludes that globalisation affected strategic management as it determined the expansion strategy that was to be adopted by the firm as it extended its services to other regions. The study also concludes that following globalisation, customer expectations had increased as the levels of competition intensified.

This study recommends that a thorough environmental scanning should always be conducted whenever the firm plans to enter into a new territory. Environmental scanning allows smooth operations of an organisation and standardized service delivery. The study further recommends that the firm should maintain its quality service delivery and corporate values which guide its operations so as to protect its integrity and fairness in its work. Additionally, the study recommends that the firm invests in innovations and inventions so as to come up with new innovative ways of serving their customers.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TABLE OF CONTENTS</td>
<td>i</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.1.3 Public Accounting and Consulting Industry</td>
<td>5</td>
</tr>
<tr>
<td>1.1.4 Ernst &amp; Young (EY)</td>
<td>6</td>
</tr>
<tr>
<td>1.2 Research Problem</td>
<td>8</td>
</tr>
<tr>
<td>1.3 Research Objective</td>
<td>10</td>
</tr>
<tr>
<td>1.4 Value of the Study</td>
<td>10</td>
</tr>
<tr>
<td>2.4.1 Environmental Scanning</td>
<td>16</td>
</tr>
<tr>
<td>2.4.2 Strategy Formulation</td>
<td>16</td>
</tr>
<tr>
<td>2.4.3 Strategy Implementation</td>
<td>18</td>
</tr>
<tr>
<td>2.4.4 Strategy Evaluation and Control</td>
<td>19</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>24</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>24</td>
</tr>
<tr>
<td>CHAPTER FOUR</td>
<td>27</td>
</tr>
<tr>
<td>DATA ANALYSIS, RESULTS AND DISCUSSION</td>
<td>27</td>
</tr>
<tr>
<td>4.2 Data Analysis</td>
<td>27</td>
</tr>
<tr>
<td>4.8 Discussion of findings</td>
<td>35</td>
</tr>
<tr>
<td>CHAPTER FIVE</td>
<td>37</td>
</tr>
<tr>
<td>SUMMARY, CONCLUSION AND RECOMMENDATIONS</td>
<td>37</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>44</td>
</tr>
<tr>
<td>Appendix: Interview Guide</td>
<td>48</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globalisation is the integration of economies throughout the world by means of trade, financial and technological flows, the exchange of technology and information and the movement of people, goods and services (Thompson and Strickland, 1993). Globalisation also refers to the strategy of approaching worldwide markets with standardized products (Johnson and Scholes, 2003). Globalisation, by itself, is not enough as such companies need globally coherent strategies, global networks, global processes and ability to maximize profit on a global basis. This has therefore seen a move towards integration and standardization of global business operations to create a global integrated strategy. Globalisation of the world economy is the integration of economies throughout the world through trade, financial flows, the exchange of technology and information and the movement of people. Globalisation is multi-faceted with dimension of economic, political-legal, social-cultural and environment (Gichira, 2007).

Rapid globalisation is one of the most salient aspects of the new millennium, particularly since the fast development of information technology (IT) in the 1980s and 1990’s (Brown, 1999). It has brought with it challenges that have made the local firms in Kenya to devise means of staying competitive not only in the global market but also in the local market. Local firms have been forced to diversify their product portfolio to cope with competition, maintain market share, enter into new markets and seal off any unexplored market segments that foreign competitors may come to exploit. Globalisation is creating
numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures. Although globalisation seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with the aim of taking advantage of the opportunities created from it to develop their societies and people, in recent years, there have been increasing international concerns about the dangerous impacts of globalisation on indigenous and national development. Various social movements have been initiated against the threats of globalisation, particularly on developing countries (Cheng, 2000).

Ernst & Young (EY) has a strong global leadership team that sets a single global strategy and agenda. In offering its services, Ernst & Young (EY) is expected to comply with both international and local regulatory framework, while at the same time adhering to a streamlined way of managing its business irrespective of the country of operation. To ensure efficiency and effectiveness in implementation of the strategy, they have organised legal entities into 29 regions grouped into four geographic areas: Americas, Asia-Pacific, EMEIA (Europe, Middle East, India, Africa) and Japan. With such a grouping and central decision making, the effects of globalisation have been massive.

1.1.1 Concept of Globalisation

Globalisation, in its literal sense, is the process of transformation of local or regional phenomena into global ones. It can be described as a process by which the people of the
world are unified into a single society and function together. This process is a combination of economic, technological, socio-cultural and political forces (Sheila, 2004). Globalisation is often used to refer to economic globalisation, that is, integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology (Bhagwati, 2004).

The process of globalisation creates new challenges and opportunities for firms. The opportunities include access to new markets that were previously closed due to cost, regulation, or indirect barriers, the ability to tap resources such as labor, capital, and knowledge on a worldwide basis, and the opportunity to participate in global production networks that are becoming prevalent in many industries such as automotive, electronics, toys and textiles. Challenges come from foreign competitors entering firms’ domestic markets, and from domestic competitors reducing their costs through global sourcing, moving production offshore or gaining economies of scale by expanding into new markets. Globalisation challenges firms to become more streamlined and efficient while simultaneously extending the geographic reach of their operations.

Globalisation involves a strategy of viewing international markets holistically and fusing operations into a single worldwide strategic entity. Globalisation concerns developing linkages between geographically dispersed units of a function and regulating business activities to align them with the expectations set in targets. This assures centralized control over key resources and operations that are strategic in the value chain and that all major decisions are made from a global perspective.
1.1.2 Strategic Management

Ansoff and McDonell (1999) define strategic management as a systematic approach of managing strategic change which consists of positioning of the firm through strategy and capability planning, real-time strategic response through issue management and systematic management of resistance during strategic implementation. Johnson and Scholes (2003) look at strategic management as to include strategic analysis, strategic choice and strategy implementation.

Strategic management seeks to refine the management process, dealing rather with the long term issues instead of operational issues. The discipline of management has been useful in addressing management challenges for more than a century. Strategic management provides overall direction to the enterprise and is closely related to the field of Organisation Studies. In the field of business administration, it is useful to talk about "strategic alignment" between the organisation and its environment or "strategic consistency". According to Arie (2007), there is strategic consistency when the actions of an organisation are consistent with the expectations of management, and these, in turn, are with the market and the context. Strategic management involves analysis of the firm’s external and internal environments towards making strategic decisions and drawing out comprehensive action-plan for achieving long-term organisational goals. The strategic management framework is based on the firm’s vision and mission. Vision and mission also help in the formulation of long-term organisational goals (Aaltonen and Ikavalto, 2001).
The fundamental role of strategic management practice in an organisation is to provide direction. It sets out milestones that act as targets for the organisation. These are realised through articulation of the vision and mission statements of the organisation. Strategic management articulates the aspirations of the organisation and the reason for its success. However, there is no consensus on the ‘one’ right way of strategic management. It depends to a great degree on the size of the firm, management style and complexity of the environment (Pearce and Robinson, 2000). This has led to a distinction between what is planned or intended by an organisation and what is actually realised.

1.1.3 Public Accounting and Consulting Industry

Public accounting refers to the performance of or offering to perform any engagement that will result in the issuance of an attest report that is in accordance with professional standards. The practice of public accounting also refers to the performance of or offering to perform services such as consulting services, personal financial planning services, or the preparation of tax returns or the furnishing of advice on tax matters by a sole proprietorship, partnership, limited liability company, professional association, corporation, or other business organisation, that advertises to the public as a "certified public accountant" or "public accountant."

The “Big Four” accounting firms are the four largest international professional services networks in accountancy and professional services, which handle the vast majority of audits for publicly traded companies as well as many private companies, creating an oligopoly in auditing large companies. The “Big Four” are PwC with its headquarter in
UK, Deloitte Tohmatsu whose headquarter is in USA, Ernst & Young (EY) with its headquarter in UK and KPMG whose headquarter is in Netherlands. This group was once known as the “Big Eight”, and was reduced to the “Big Five” by a series of mergers. The “Big Five” became the “Big Four” after the demise of Arthur Andersen in 2002, following its involvement in the Enron scandal.

The “Big four” are sometimes referred to as the “Final Four” due to the widely held perception that competition regulators are unlikely to allow further concentration of the accounting industry and that other firms will never be able to compete with the “Big four” for top-end work, as there is a market perception that they are not credible as auditors or advisors to the largest corporations. The year 2002 saw the passage of the Sarbanes–Oxley Act into law, providing strict compliance rules to both businesses and their auditors.

1.1.4 Ernst & Young (EY)

Ernst & Young (EY) roots go back to the 19th century with a merger of American firms Ernst & Whinney and Arthur Young & Co. Both Arthur Young and AC Ernst were innovators and appreciated the importance of quality in their work (Ernst & Young, 2013). Ernst pioneered the idea that accounting information could be used to make business decisions and make a difference to clients’ organisations. He inspired his people to deliver better service to clients. Young, on the other side, positioned himself as a business advisor as much as an accountant (Ernst and Young, 2013). Both firms were quick to enter the global marketplace. As early as 1924, they allied with prominent
British firms: Young with Broads Paterson & Co and Ernst with Whinney Smith & Whinney. These alliances were the first of many for both firms, which opened offices around the world to service their international clients. In 1989, they were brought together when the firms they started combined to create Ernst & Young. The new organisation quickly positioned itself on the leading edge of rapid globalisation, new business technologies and continuous business change. The firm has been known as Ernst & Young until 2013, when it underwent a rebranding to Ernst & Young (EY).

Ernst & Young (EY) has organised its leadership in such a way that each region’s leadership team works directly with their area and global leaders to ensure flawless execution. This structure is streamlined to allow Ernst & Young (EY) make decisions quickly, and ensure that it executes its strategy and provides high-quality service regardless of the client’s location of operation in the world (Ernst and Young, 2013).

Ernst & Young (EY) global shares a common culture and shared values, which inspire its employees worldwide and guides them to do the right thing, ensuring commitment to quality, which is embedded in what the firm does. The values also influence the way employees work with each other, and the way Ernst & Young (EY) serves its clients and engages with the communities within which it works (Ernst and Young, 2013).

To ensure effective engagement with communities within which it works, Ernst & Young (EY) launched the Ernst & Young's Entrepreneur of The Year Award which is the world's most prestigious business awards for entrepreneurs. The award encourages entrepreneurial activity among those with potential and recognises the contribution of
people who inspire others with their vision, leadership and achievement. In Kenya, Ernst & Young (EY) is situated at Upper Hill Nairobi, Kenya Re Towers.

1.2 Research Problem

Globalisation is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures (Cheng, 2002). Various social movements have been initiated against the threats of globalisation, particularly on developing countries (Cheng, 2002).

Ernst & Young (EY) has faced several challenges as a result of globalisation especially following globalisation of the firm. First, the firm organised legal entities into 29 similarly sized business units in terms of people and revenues, then the East African practice embarked on expanding its operations into neighbouring countries starting with Rwanda, Burundi and South Sudan. Secondly, a number of Ernst & Young’s international customers spread their business over different countries with different regulatory framework. In offering its services, Ernst & Young (EY) is expected to comply with both international and local regulatory framework, while at the same time adhering to a streamlined way of managing its business irrespective of the country of operation. This, together with other challenges has affected the way Ernst & Young (EY) conducts its business.

A key aspect of the analysis of a firm’s strategy is the interaction between the strategic choice and its environmental context. Strategy scholars have found that operating in a
global industry context is an important element in determining the organisational environmental fit (Hambrick and Lei, 1985). For domestic firms facing global competition, industry position imposes an additional competitive challenge that differs from purely domestic competition. According to the resource-based theory, the competitive advantage of a firm draws on its internal resources and competences (Mahoney and Pandian, 1992). In this paradigm, a company can be considered as a bundle of resources that makes it unique if the resources are valuable, rare, hard to imitate, and difficult to substitute. For firms operating in a highly competitive environment, a distinctive strategic orientation is needed, requiring the exploitation of critical resources in order to gain competitive advantage.

Recent studies into future research areas in the strategic management field indicate that there is a lack of knowledge on strategy implementation and therefore, more research is essential into this important area of strategic management. The lack of comprehensive implementation frameworks is particularly raised by a number of scholars (Noble, 1999). Noble (1999) states that there is a significant need for detailed and comprehensive conceptual models related to strategy implementation.

Locally, some studies have been done on globalisation which include; challenges of globalisation and their impact on Kenya Airways, (Gichira, 2007), implications of globalisation on private hire vehicle companies in Nairobi (Hannah, 2007), strategic responses to globalisation by foreign commercial banks in Kenya, a case of Barclays Bank (Mwasho, 2007), strategic responses by Kenya Airways to the effects of globalisation (Rono, 2010), challenges of globalisation and its effect on distributors, a
case of Galana Oil Kenya Limited (Oluoch, 2011) and the effects of globalisation on the reinsurance companies in Kenya (Mutua, 2012). Limited studies had concentrated on the effects of globalisation on service industry firms especially the audit firms. This study, therefore, sought to fill this research gap by investigating the effects of globalisation on strategic management at Ernst & Young (EY).

1.3 Research Objective

The objective of this study was to establish the effects of globalisation on strategic management at Ernst & Young (EY), Kenya.

1.4 Value of the Study

The findings of the study would be important to Ernst & Young (EY), as it would be able to assess whether the strategies it has adopted have been beneficial to the organisation as far as globalisation is concerned. In addition, global audit firms would use the findings of this study to improve on their strategic management processes and streamline their practices by ensuring that they adopt practices and find the right global reach to maximize performance because increased globalisation is accompanied with higher transaction costs.

The result of this study would also be invaluable to researchers and scholars, as it would provide useful basis for further studies on the effect of globalisation and how global integration strategies in Kenya can be researched. The findings would contribute to existing knowledge in international business environment by helping to understand the
importance of strategies that firms employ in globalisation. The findings of this study would be important to policy makers in government bodies as they would guide the decision making processes on the subject of globalisation in Kenya.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. It reviews literature with respect to the research objective of effects of globalisation on strategic management. Specifically the chapter will cover the concept of globalisation, strategy implementation, global competition and the effects of globalisation.

2.2 Theoretical Foundation

The study is founded on two theories: Open systems and organisational development theories. These theories have been chosen upon because of their influence on organisational development and survival.

Open Systems Theory (OST) is a modern systems-based changed management theory designed to create healthy, innovative and resilient organisations and communities in today’s fast changing and unpredictable environments (Scott, 2002). Open systems theory refers to the concept that organisations are strongly influenced by their environment in which they operate. The environment consists of other organisations that exert various forces of an economic, political, or social nature that provides key resources that sustain the organisation and lead to change and survival (Gortner, Julianne and Jeanne, 1997). As organisations and communities conduct their business they influence and change their
external environments, while at the same time being influenced by external changes in local and global environments. This two-way influential change is known as active adaptive change. Organisations and communities are open systems; changing and influencing each other over time (Hatch, 1997). To ensure viability, an Open System must have an open and active adaptive relationship with its external environment. A healthy viable Open System has a direct correlation with respect to changing values and expectations over time with its external environment.

Organisational development is a necessary process that all organisations must undergo. According to the organisational development theory, there are many factors that make organisational development important for organisations to thrive and be successful (Pfeffer, 1997). Organisational development is a complex process that is described as a "set of behavioral science-based theories, values, strategies, and technologies aimed at planned change of the organisational work setting for the purpose of enhancing individual development and improving organisational performance, through the alteration of organisational members' on-the-job behaviors" (Britt & Jex, 2008, Ch. 15). The process of organisational development will cause changes in the daily workplace routine, and these changes will cause success and productivity in the workplace. Organisational developments help an organisation to improve and evolve into a more successful organisation (Cherrington, 1994).

If organisational change and development is to be successful certain conditions must exist. Top management must support the developments if they are to be successful because they have the means to make the changes possible. Consultants must be
competent and capable of all of the necessary work needed to cause organisational change (Britt & Jex, 2008). Resistance is a natural occurrence for change, and employees can be made part of the implementation to make resistance less dominant (Britt & Jex, 2008). Organisations must also take ownership for the changes or they will not be taken seriously. Organisational development is necessary for any organisation to survive and be successful.

2.3 Concept of Globalisation

Globalisation is a process that encompasses the causes, course, and consequences of transnational and trans-cultural integration of human and non-human activities (Rodhan, 2006). Reich (1998) defined globalisation as a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy in particular, the increasing structural differentiation.

The notion of globalisation is not new, but the concept and its far-reaching implications have a great influence on the way an organisation conducts its business. Rapid globalisation is one of the most salient aspects of the new millennium, particularly because of the fast development of information technology. To different observers, different types of globalisation can be identified even though most of the attention is in the areas of economy, technology, and culture. According to Cheng (2000, 2001), there should be multiple globalisations, including technological globalisation, economic globalisation, social globalisation, political globalisation, cultural globalisation, and
learning globalisation in the new millennium. Globalisation has brought with it effects that have created need for organisations to devise means of staying competitive not only in the global market but also in the local market where they operate.

Organisational approaches to international business have evolved from multi-nationalism to globalisation, necessitating a more sophisticated and well-trained management to cope with the complexities of the organisation's involvement in multiple foreign markets. Global organisations source raw materials, production capabilities, distribution, capital, and employees from throughout the world. Managers from various cultures/countries must be successfully moulded together at each corporate location, including the corporate headquarters, to maximize overall benefits to the corporate network. Although there has been a tendency to rely on parent-country nationals expatriates, companies cannot wait to groom expatriates or take the time for them to acquire the multilingual skills, experience, and global vision needed in today's top global executives. The need to develop multicultural and multinational organisations to compete in the global marketplace effectively is the logical next step in the evolution of the global organisation.

2.4 Strategic Management Process

Strategic management is the process of specifying an organisation's objectives, developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the highest level of managerial activity, usually performed by the company's Chief Executive Officer (CEO) and executive team. It provides overall direction to the whole enterprise. An organisation's strategy must be appropriate for its
resources, circumstances, and objectives. The process involves matching the companies' strategic advantages to the business environment the organisation faces. One objective of an overall corporate strategy is to put the organisation into a position to carry out its mission effectively and efficiently.

2.4.1 Environmental Scanning

Environmental scanning refers to a process of collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organisation. After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it.

Fahey and Narayanan (1981) suggest that an effective environmental scanning program should enable decision makers to understand current and potential changes taking place in their organisations’ external environments. Scanning provides strategic intelligence useful in determining organisational strategies. The consequences of this activity include fostering an understanding of the effects of change on organisations, aiding in forecasting and bringing expectations of change to bear on decision making.

2.4.2 Strategy Formulation

Strategy formulation is the second phase in the strategic management process after conducting a situation analysis. It produces a clear set of recommendations, with supporting justification, that revise as necessary the mission and objectives of the organisation, and supply the strategies for accomplishing them. In formulation,
organisations try to modify the current objectives and strategies in ways to make the organisation more successful. This includes trying to create "sustainable" competitive advantages even though most competitive advantages are eroded steadily by the efforts of competitors (Thompson & Strickland, 1993).

Hax and Majluf (1996) contend that strategy formulation is one of the two major cycles in strategic planning that intended to frame the key strategic issues of a firm through a sequential involvement of corporate, business and functional perspectives. The strategy formulation process would affect the second cycle of strategic and operational budgeting that deals with the final definition and subsequent consolidation at corporate level of the budgets for all the businesses and functions of the firm. The budget constitutes the legitimate output of this process, since it represents the commitments for strategy implementation.

According to Hax and Majluf (1996), strategic formation is a combination of three main processes which include: Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental. Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organisation gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.
Strategy formulation is important in any organisation since if not well formulated, it hinders an organisation from attaining its vision. Situation analysis needs to be thoroughly done to ascertain the environmental factors, establish the competitors with their strengths and how to stay ahead of them. If strategy formulation is not well done, an organisation may not be able to attain its vision as the implementation stage only concentrates on implementing strategies as formulated. This fact makes this stage in strategic management very important as it dictates the direction that the organisation will take (Thompson & Strickland, 1993).

2.4.3 Strategy Implementation

Once a strategy has been identified, it must then be put into practice. This may involve organising, resourcing and utilizing change management procedures. Implementing strategies successfully is vital for any organisation, either public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. Implementing would thus be perceived as being about allocating resources and changing organisational structure. However, transforming strategies into action is a far more complex and difficult task. Strategy implementation has attracted much less attention in strategic and organisational research than strategy formulation or strategic planning. Furthermore, there are only a limited number of conceptual models of strategy implementation (Noble and Mokwa, 1999).
Implementing strategies successfully is about matching the planned and the realised strategies, which together aim at reaching the organisational vision. The components of strategy implementation – communication, interpretation, adoption and action are not necessarily successive and they cannot be detached from one another. Lingle and Schiemann (1994) found that there are six areas of vital importance to long term successful strategy implementation. These areas are: market, people, finance, operation, adaptability, and environment. However various implementation problems can be derived from the above mentioned areas including uncontrollable factors in the external environment which may have an adverse impact on implementation and political turbulence which may lead to advocates and supporters of the strategic decision leaving the organisation during implementation.

2.4.4 Strategy Evaluation and Control

Strategy evaluation is the final step of strategy management process. The key strategy evaluation activities are: appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial / corrective actions. Evaluation makes sure that the organisational strategy as well as its implementation meets the organisational objectives.

Strategic control systems ensure that the immense effort put into preparing lengthy and detailed strategic plans is in fact translated into action. Strategic control systems provide the short-term targets that deliver long-term goals. A successful strategy implementation is substantially dependent on effective strategic, as well as management, control systems.
As new strategies will inevitably require change, these control systems are particularly imperative since the situations organisations find themselves in will generally have no precedent. Strategic controls are especially required to provide a balance between longer-term organisational goals and shorter-term operational demands. Furthermore, they need to incorporate both “feedback” and “feedforward” information, thus enabling managers to know if they are “on track” while also providing opportunities to adapt and revise strategies when required.

A particular aspect that these strategic control systems especially need to address in today’s increasingly unpredictable and dynamic competitive environments is the tension between the rigour necessary for effective strategy implementation and the flexibility required for timely strategy adjustment. Van Veen-Dirks and Wijn (2002) proposed a strategic control framework that recognises the degree of environmental turbulence and the ability of organisations to specify and measure their strategic objectives. As can be seen, this model indicates that in order to support successful strategy implementation particular control approaches are more suitable in different circumstances.

### 2.5 Effects of Globalisation on Strategic Management

Globalisation is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures. Even though globalisation seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with the aim of taking the
opportunities created from it to develop their societies and people, in recent years there also have been increasing international concerns about the dangerous impacts of globalisation on indigenous and national development. Various social movements have been initiated against the threats of globalisation, particularly on developing countries (Cheng, 2000).

Survival and success of an organisation occurs when the organisation creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy. Responses to globalisation require organisations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organisation’s strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Porter (1985) affirms that it is important that organisations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

Firms in dynamic industries respond to environmental changes and competitive forces in different ways. Some improve current products, diversify and divest, while others employ techniques that ensure operational effectiveness. In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage (Porter, 1985). Changes in environmental conditions shape a firm’s opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with
change. According to Ansoff, (1988) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

Globalisation has brought with it effects that have made companies to devise means of staying competitive not only in the global market but also in the local market. Companies have been forced to diversify their product portfolio to cope with competition, maintain market share, enter into new markets and seal off any unexplored market segments that foreign competitors may come to exploit. Globalisation is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures. Even though globalisation seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with aims at taking the opportunities created from it to develop their societies and people, in recent years there also have been increasing international concerns about the dangerous impacts of globalisation on indigenous and national development. Various social movements have been initiated against the threats of globalisation, particularly on developing countries (Cheng, 2000).

Globalisation requires companies not only to be multinational and multilingual, but also to be multicultural corporations. Hence, many multinationals must accept, adopt and blend multicultural aspects in their business processes. The delayering of cultural strata must be a prerequisite before a multinational signs any memorandum of understanding with a host country. There is an emerging global culture that is changing human expectations and understanding. This culture provides a global reality where co-creation
and innovation in knowledge-sharing and relationships is flourishing. The success of an organisation depends on the degree of excellence as a learning organisation where culture is optimized to gain knowledge.

Learning organisation settings prevent global operations managers from being at risk of cultural conflicts and assist them to translate and transfer knowledge from their sites to other parts of the enterprise. Global sharing of knowledge and corporate learning are critical in the overall satisfaction of expatriate managers. Expatriate managers contribute to the global learning of the firm, which forms know-how and global experience for future managers. Strategic learning in the learning organisation can be in different settings that directly affect the company's global strategies and policies. The determinant factor in today's dynamic global competition is how to manage knowledge benefits in the enterprise. The authors developed a learning organisation model for evaluating and selecting manufacturing strategies and technologies. Creating new knowledge for a specific purpose within the learning organisation results in developing and securing a core competency for the company. The success of companies in their competitiveness is attributed to the development of core competencies through learning organisation settings.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used in collection or gathering of data pertinent in answering the research questions. The chapter comprises the following sub-topics; research design, target population, research instruments, the sample and sampling procedures, data collection procedures and data analysis procedures.

3.2 Research Paradigm

The research was based on a case study with the aim of creating a profile about a phenomenon. Yin (1994) said that to refer to a work as a case study might mean that its method is qualitative, small-N; and that the research is ethnographic, clinical, participant-observation, or otherwise in the field.

According to Yin (2003) a case study design should be considered when: the focus of the study is to answer “how” and “why” questions; you cannot manipulate the behavior of those involved in the study; you want to cover contextual conditions because you believe they are relevant to the phenomenon under study; or the boundaries are not clear between the phenomenon and context.

3.3 Data Collection and Measurement

The study made use of primary and secondary data. Primary data was collected through face to face interviews conducted by the researcher while secondary data was collected
through review of the contents of various relevant publications and reports at Ernst & Young (EY), financial statements and other relevant materials.

An interview guide was modeled on the effects of globalisation on strategic management at Ernst & Young (EY). The target respondents comprised of six senior managers due to the role they play in strategy implementation at Ernst & Young (EY), Kenya. The researcher believed that this would make it possible to obtain data required to meet the objective of the study. The study used content analysis which led to making of inferences based on the data collected.

3.4 Data Validity and Reliability

A pilot study was conducted to test the reliability and validity of the research. According to Orodho (2003), a pilot test helps to test the reliability and validity of data collection instruments. Validity refers to the extent to which an instrument measures what is supposed to measure data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe, 2000). The pilot test comprised of five senior staff at the company who were not involved in the final study.

3.4.1 Validity

The content of validity of the data collection instruments was determined through discussing the stated questions in the interview guide with the managers for the pilot. Validity was determined by the use of Content validity Index (C.V.I). C.V.I of between 0.7 and 1 shows the instruments to be valid for the study (Orodho, 2003).
3.4.2 Reliability

Reliability refers to the consistence, stability, or dependability of the data. Whenever an investigator measures a variable, he or she wants to be sure that the measurement provides dependable and consistent results (Cooper & Schindler, 2003). A reliable measurement is one that if repeated a second time gives the same results as it did the first time. If the results are different, then the measurement is unreliable (Mugenda & Mugenda, 2003). To measure the reliability of the data collection instruments an internal consistency technique using Cronbach's alpha was applied to the gathered data (Mugenda & Mugenda, 2003). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability and an alpha coefficient of 0.60 or higher indicates that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Zinbarg, 2005).

3.5 Data Analysis

The data obtained from the interview guide was analyzed using content analysis, a technique used to make inferences through systematic and objective identification of specified characteristics of messages.

Kothari (2004) explains content analysis as the analysis of the contents of documentary and verbal material, and describes it as a qualitative analysis concerning the general import of messages of the existing documents and measure pervasiveness. The researcher analyzed the information provided by the interviewees against known globalisation effects on strategy implementation in organisations to describe and determine how globalisation has affected strategy implementation at Ernst & Young (EY), Kenya.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter presents analysis and findings of the study as set out in the research objective and methodology. The study findings and discussions are presented on the effects of globalisation on strategic management at Ernst & Young (EY), Kenya.

4.2 Data Analysis
The study targeted a total of 6 senior managers out of which, 5 managers responded by scheduling an interview with the researcher thus giving a response rate of 83%. The data obtained from the interview guide was analyzed using content analysis, a technique used to make inferences through systematic and objective identification of specified characteristics of messages.

4.3 Effects of Globalisation on Strategic Management System at Ernst & Young
The study sought to establish from the respondents their ratings of the effects of globalisation on strategic management system at Ernst & Young. The interviewees indicated that globalisation had brought about a number of changes in strategic management at EY. The interviewees indicated that this had been necessitated by the need to remain competitive and to meet market demand. This has therefore seen a move towards integration and standardization of global business operations.

The interviewees indicated that following increased globalisation, many of the customers served by Ernst and Young were expanding their businesses across country borders. For
example, the interviewees indicated that majority of their customers were expanding across the East African Community Countries like Southern Sudan, Rwanda, Tanzania and Uganda and that in order for Ernst & Young to service them adequately and satisfactorily, they needed to restrategize. One of the strategies adopted by Ernst and Young was exporting strategy where the organisation offers services from the nearest/most efficient/most effective office. In this strategy, Ernst & Young evaluates the minimization of administration costs against the cost of setting up independent offices in the designated countries.

In the early 21st Century, as opposed to setting up a new office in Rwanda and Burundi, the organisation decided to use export strategy where it delivered services to clients in Rwanda and Burundi from the nearest office. This was however a tentative strategy as the organisation organised to employ foreign direct investment. For the Rwanda market, after four years of exporting strategy, Ernst & Young opened office in Kigali through green field Foreign Direct Investment as a subsidiary limited liability company in 2004. For Burundi, the organisation attempted to open office in Bujumbura as a subsidiary limited liability company in 2007 but failed due to political instability. To date, Ernst & Young uses exporting strategy to reach out to Burundi market as the political and business environment remains unstable/turbulent.

In order to satisfy customers in these diversified markets, the firm saw the need for integration and standardization of global business operations. This ensured that the services offered were uniform across all its branch networks and subsidiaries. By doing this, the firm improved its financial performance and customer satisfaction.
The interviewees also indicated that the strategic management team had to work in anticipation of changes in the operating environment. They explained that the environment in which they were operating had become very volatile necessitating high levels of intelligence to ensure that they kept pace with the changes in their operating environment.

The interviewees further indicated that globalisation had also affected the level of competition. The competition ranged from scramble for human resources to business. As more and more firms globalise their operations, they require more human capital to oversee the smooth running of their operations. The interviewees indicated that this led to high competition for better qualified staff to deliver quality services to the customers. The customers too had a variety to choose from.

The interviewee also indicated that globalisation had affected the level of demands from customers. Following increased globalisation, the firms investing in other countries compared their services to those received in their home country. In some instances, the services received by these firms in their home countries were of high quality thus raising the expectations of such customers from the firm. This required that the firm puts in more efforts to improve its advisory services to those of international firms in well developed countries.

4.4 Stakeholders Involved in the Strategy Formulation at Ernst and Young

The study sought to find out the managers that were involved in strategy formulation at Ernst and Young. From the findings, the interviewees indicated that the process of
strategy formulation involved all key stakeholders. These ranged from customers, employees, partners and shareholders. These were involved in different ways. For example, there was need of market survey to get client feedback on how they rated the services from EY. These provided contributions from customers on what the firm needed to do in order to meet its customers’ demand. Employees were involved through internal survey. There was internal survey done on internal processes and how this affected delivery of service. These were done so as to establish the challenges that employees faced in their course of work. Key meetings were held with stakeholders from each of the country practices to provide representation, information and direction towards the strategy.

The study further sought to establish how the ideas generated were incorporated in the formulation of the strategy of the firm. From the results, the interviewees indicated that the ideas provided were checked against the EY values which include: People who demonstrate integrity, respect, and teaming; People with energy, enthusiasm, and the courage to lead; and people who build relationships based on doing the right thing. These values define what the organisation is and are the fundamental beliefs of Ernst and Young’s global organisation. They guide the firm’s actions and behavior and influence the way it works and the way its staff serve its clients and engage with the communities. Additionally the interviewees indicated that EY valued quality in everything it engaged in which meant that it had to check all the ideas generated in response to challenges of globalisation to make sure that quality was maintained.
4.5 Factors Affecting the Strategic Management Process of Ernst & Young

The study sought to establish the factors that affected the strategic management process of Ernst & Young. From the findings of the study, the interviewees indicated that strategic management process was affected by several factors including: government policies, economic factors like inflation; adoption of technology, regulatory environment, market which involved types of clients, their needs, competition, and internal operations.

The interviewees indicated that governments create the rules and frameworks in which businesses are required to compete against each other and abide by. These rules and frameworks guide the operations of the firms in that country. From time to time the government may change these rules and frameworks as it may deem fit thereby forcing businesses to change the way they operate in order to remain in line with the changes. The interviewees indicated that the business was thus affected by government policies thereby making it necessary to consider government policies in the firm’s strategic management process. The interviewees indicated that for countries with stringent employment rules and remuneration, the organisation had to source for manpower in less expensive countries to help roll out its services in those countries. This helped in reducing friction between the organisation and the governments of the concerned countries.

The interviewees indicated that economic factors greatly influenced strategy formulation and implementation at Ernst and Young. Taxation policy affected business costs. For example, a rise in corporation tax (on business profits) had the same effect as an increase
in costs. A rise in interest rates raises the costs of borrowing money, and also causes consumers to reduce expenditure leading to a fall in business sales. Government spending policy also affected business especially through provision of subsidies for some business activity.

The interviewees indicated that in countries where they used export strategy, the operational costs were high following the upkeep costs of the staff as they travelled. To help cut down on operational costs that comprised of per diems, air fares and upkeep of staff travelling from other countries, the interviewees indicated that the organisation launched recruitment drives to recruit the local staff and place them under extensive training and development programs to build the kind of skill required by the organisation.

The interviewees further acknowledged poor internet connection as a key challenge to their operations following globalisation. To counter the challenges of limited internet connections in some of the countries, the organisation resorted to sourcing of own/alternative internet services via satellite VSATs to make sure that its online operating system was available at all times in their operational centers.

The interviewees further noted that the firm faced financial inadequacy challenges in response to strategic response to globalisation. The funds available for strategy formulation and implementation were not enough which constrained the implementation especially as more challenges and situations not anticipated arose during the strategy implementation stage. To counter the challenge of financial inadequacy, the organisation sort to sourcing of financing from cheaper locations globally. This ensured that the
sources of finance used for strategy implementation were not expensive thus keeping low the cost of implementation process.

4.6 Challenges in Implementing the Strategic Management Process

The study sought to establish the challenges faced by Ernst and Young in the implementation of strategic management process in order to cope with the effects of globalisation. From the interviewees’ responses, the study established that the key challenge was how to effect operations that were standardised across all EY offices in EMEIA. Standardization of services offered in different parts of the world became a challenge as the operations of the firm were affected by availability of skills and human capital regulations in those countries. To counter this challenge, the interviewees indicated that the firm had to second some staff from well established subsidiaries to help offer services in countries where they had staff with limited skills set.

Another challenge was that each country had to comply with specific country regulations which made it difficult to comply with global policies on the same issue. The interviewees indicated that different countries subscribed to different financial reporting standards hence making the standardization of services difficult.

4.7 Effectiveness of Strategic Management at Ernst & Young

The study sought to establish the effectiveness of strategic management implementation at Ernst and Young. From the responses, the interviewees indicated that the process of strategic management at the firm was effective as the firm met almost all of its set targets.
For the targets that the firm missed, the interviewees attributed the missing to changes in the macroeconomic environment within their operating countries. Some of these macroeconomic variables included changing foreign exchange rates which exposed the firm especially in areas where the billing was done in local currency.

The interviewees also confirmed attribution of firm performance to strategic management process at the firm. The interviewees indicated that the firm from time to time resorted to scenario plans whenever the main plans failed or were rendered obsolete due to rapid changes in the operating environment. The interviewees indicated that the operating environment had become very competitive all over the globe as more and more local firms sought to share the market for the services offered by Ernst and Young. This posted a challenge as it increased the level of competition.

The interviewees indicated further that strategic management had positively affected the performance of the company. The interviewees indicated that through strategic management, the firm was able to identify its strengths, find ways of minimizing its weaknesses and take advantage of opportunities as it took care of threats. In order for any organisation to be successful, it is important that it undertakes environmental scanning to establish its strengths, weaknesses, opportunities and threats. Through proper strategic management, the activities of the firm were kept on course towards the attainment of strategic objectives and finally the objectives of the firm. These made sure that every stakeholder worked hard to ensure timely achievement of the set organisational objectives.
The interviewees also indicated that the firm needed to improve its strategy formulation process so as to make sure that the strategy is flexible enough to allow the different country practices to blend well with the specific operating environments, in terms of politics, economics, culture among others which basically vary from country to country. In order to enhance understanding and boost the strategic implementation process, the interviewees, who had the view that not all views were included, indicated that the firm needed to consider collecting views from all the subsidiaries before drafting the final strategic plan to be implemented across all subsidiaries. The interviewees indicated that this would make staff own the strategies developed hence reduce the levels of resistance during strategy implementation stage. By doing this, the firm will be able to improve its performance.

4.8 Discussion of findings

On the effects of globalisation on strategic management system of Ernst & Young, the study established that globalisation had brought about a number of changes in strategic management at EY. Many of the customers served by Ernst and Young were expanding their businesses across country borders. According to Reich (1998) the process of globalisation creates new challenges and opportunities for firms. The opportunities include access to new markets that were previously closed due to cost, regulation, or indirect barriers, the ability to tap resources such as labor, capital, and knowledge on a worldwide basis, and the opportunity to participate in global production networks.

The study established that strategic management team had to work in anticipation of changes in the operating environment. The environment in which they were operating
had become very volatile warranting for high levels of intelligence to ensure that they kept pace with the changes in their operating environment. The study further established that globalisation had also affected the level of competition. According to Porter, (1985) competition ranged from scramble for human resources to scramble for customers. In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage.

The study further established that strategic management process was affected by several factors including: government policies, economic factors like inflation; adoption of technology, regulatory environment, market which involved types of clients, their needs, competition, and internal operations. Governments created the rules and frameworks within which businesses are required to operate. Fahey and Narayananan (1981) suggest that an effective environmental scanning program should enable decision makers to understand current and potential changes taking place in their organizations’ external environments. Scanning provides strategic intelligence useful in determining organisational strategies.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings and also the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to establish the effects of globalisation on strategic management at Ernst & Young (EY), Kenya.

5.2 Summary of the Findings

On the effects of globalisation on strategic management system of Ernst & Young, the study indicated that globalisation had brought about a number of changes in strategic management at EY. Following increased globalisation, many of the customers served by Ernst and Young were expanding their businesses across country borders. For example, the interviewees indicated that majority of their customers were expanding across the East African Community Countries like Southern Sudan, Rwanda, Tanzania and Uganda. Following this, in order for Ernst & Young to service the customers adequately and satisfactorily, they needed to re-strategize.

It was noted that, as opposed to setting up a new office in Rwanda and Burundi, the firm devised a tentative strategy of utilizing staff from the nearest offices i.e Kenya, Tanzania and Uganda, before employing foreign direct investment. In order to satisfy customers in these diversified markets, the firm saw the need for integration and standardization of global business operations. This ensured that the services offered were uniform across all its branch networks and subsidiaries.
The study established that strategic management team had to work in anticipation of changes in the operating environment. The environment in which they were operating had become very volatile warranting for high levels of intelligence to ensure that they kept pace with the changes in their operating environment. The study further established that globalisation had also affected the level of competition. Competition ranged from scramble for human resources to scramble for customers.

The study also established that globalisation had affected the level of demands from customers. Following increased globalisation, the firms investing in other countries compared their services to those received in their home country. The study established that the process of strategy formulation involved all key stakeholders who ranged from customers, employees, partners and shareholders. The ideas provided were checked against the EY Values which include: People who demonstrate integrity, respect, and teaming; People with energy, enthusiasm, and the courage to lead; and people who build relationships based on doing the right thing.

It was also established that EY valued quality in everything it engaged in which meant that it had to check all the ideas generated in response to challenges of globalisation to make sure that quality was maintained. The study further established that strategic management process was affected by several factors including: government policies, economic factors like inflation; adoption of technology, regulatory environment, market which involved types of clients, their needs, competition, and internal operations. Governments created the rules and frameworks within which businesses are required to operate.
Economic factors greatly influenced strategy formulation and implementation at Ernst and Young. Taxation policy affected business costs. A rise in interest rates raises the costs to business of borrowing money, and also causes consumers to reduce expenditure leading to a fall in business sales. Poor internet connection was a key challenge to their operations following globalisation. To counter the challenges of limited internet connections in some of the countries, the organisation resort to sourcing of own/alternative internet services via satellite VSATs to make sure that its online operating system was available at all times in their operational centers.

Additionally, the firm faced financial inadequacy challenges in response to strategic response to globalisation. The funds available for strategy formulation and implementation were not enough which constrained the implementation especially as more challenges and situation not anticipated arose during the strategy implementation stage. In order to cope with the effects of globalisation, Ernst & Young were keen on how to effect operations that were standardised across all EY offices. Standardization of services offered in different parts of the world became a challenge as the operations of the firm were affected by availability of skills and human capital regulations in those countries. Also, each country had to comply with specific regulations which posed a challenge in terms of complying with the global policies on some issues.

5.3 Conclusion

The study has established that globalisation had great effects on the performance of Ernst and Young. From the study findings and chapter summary above, the study concludes that globalisation affected strategic management to a great extent at the firm. Because of
globalisation, the firm had to open offices in different parts of the world in order to meet the need of their customers who were expanding to other parts of the world other than their home country. This necessitated the need to develop strategies that would see the firm expand to different regions.

The study further concluded that globalisation affected strategic management as it determined the expansion strategy that was to be adopted by the firm in expanding its services to other regions. Through globalisation, the study established that the firm used several strategies including export strategy to reach into countries like Rwanda and Burundi.

The study further concluded that, in order for the strategic management team to overcome the challenges of globalisation, they had to consider changes in the operating environment and develop scenario plans which helped in countering the effects of globalisation. Additionally, following globalisation, customer expectations had increased as the levels of competition intensified. This forced Ernst & Young to standardize its operations with strict observation of their corporate values so as to ensure delivery of standardized services to its clientele.

However, Ernst & Young faced several challenges following increased globalisation, whereby, the firm experienced poor internet connections in some countries, in which case the firm resorted to sourcing of own/alternative internet services via satellite VSATs to make sure that its online operating system was available at all times in their operational centres. There was also financial inadequacy which threatened to crumble some of the firms operations. Country specific policies also posed a major challenge in which cash,
Ernst & Young had to comply with specific regulations which then made it difficult to comply to global policies on some issues.

5.4 Recommendations for Policy and Practice

The study found out that globalisation affected the expansion strategies adopted by Ernst & Young. Depending on the location targeted for expansion as warranted by growing customers’ demands, the firm had to weigh the various strategies to employ in order to be successful in that market. This study therefore recommends that a thorough environmental scanning is necessary whenever a company plans to enter into a new territory. This allows for smooth operations of the company and standardized service delivery.

The study established that globalisation affected the level of competition as customer expectations also increased. To help improve customer service, the study recommends that the company maintains its quality service delivery and corporate values which guide its operations so as to protect its integrity and credibility of its work. This would be one way of maintaining and / or even expanding the market share of a given company as the current customers remain content and willing to pay more for added value and may even refer more customers to the firm.

The study also established that the firm faced several challenges in its operations as a result of globalisation. These ranged from increased competition, inadequate finances for strategic management to changing customer needs. In this case, a company needs to invest in innovations and inventions so as to come up with new innovative ways of
serving their customers. This may in turn lower the operational costs due to effectiveness and efficiency with which a company’s resources are employed.

5.5 Recommendations for Further Research

This study focused on the effects of globalisations on strategic management at Ernst & Young (EY), Kenya. This is a service oriented firm offering consultancy services. It is clear that no two organisations are identical and hence no two organisations can be affected to the same magnitude by a phenomenon. Based on this, this study recommends that future studies be conducted on the effects of globalisation on strategic management in audit firms in Kenya so as to allow for generalization of findings to the whole industry.

This study further recommends that future research be carried out on the effects of globalisation on other service industries in Kenya to check whether the effects compare to the effects of globalisation on strategic management of audit firms. Further research should also be carried out on manufacturing firms in Kenya. This is because many firms in Kenya manufacture goods both for export and domestic consumption and are affected by imports from other countries.

5.6 Limitations of the Study

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or if otherwise the response given would have been totally different from what the researcher expected. One of the main limitations of this study was that the respondents were reluctant in giving full information fearing that the information asked would be used to intimidate them or paint
a negative image about them or the firm. The researcher handled this problem by carrying an introduction letter from the University and assured the respondents that the information they gave would be treated with confidentiality and would be used purely for academic purposes.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried out. However, the researcher countered this limitation by carrying out the research across the department and management levels in the organisation to enable generalization of the study findings.
REFERENCES


CA: Sage Publishing.


Rono E. (2010), Strategic Responses by Kenya Airways to the Effects of Globalisation.


Appendix: Interview Guide

THE EFFECT OF GLOBALISATION ON STRATEGIC MANAGEMENT AT ERNST & YOUNG (EY)

1. How would you rate the effect of globalisation on strategic management system of Ernst & Young (EY)?
2. Who was involved in the strategy formulation of the firm?
3. How were the various ideas incorporated in the formulation of the strategy of the firm?
4. What are the factors affecting the strategic management process of Ernst & Young (EY)?
5. What key challenges have you faced in implementing the strategic management process in order to cope with the effects of globalisation?
6. In your opinion, would you say that the strategic management of Ernst & Young (EY) on globalisation is effective?
7. Would you attribute performance of the firm to strategic management process at Ernst & Young (EY)?
8. In which ways has the strategic management affected the firm’s performance?
9. What areas on strategic management do you think require to be improved?
10. In what way(s) do you think that strategic management can be changed to produce outstanding performances?