

**INFORMATION TECHNOLOGY AND SUCCESS OF SELECTED
MULTINATIONAL CORPORATIONS IN EAST AFRICA**

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BBC/43626/101/DF

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DECLARATION

I, **ADAM BABU YUSUF** of Registration number: **BBC/43626/101/DF** declares that this is my original work and that to the best of my knowledge and belief, it has never been submitted to any institution of higher learning for the award of a Degree or any academic or professional award.

Signed:



Date:

9th DECEMBER 2012

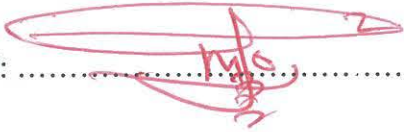
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APPROVAL

I the academic supervisor under the College of Economics and Management Sciences (CEMS) at Kampala International University (KIU) do approve that Mr. ADAM BABU YUSUF of registration number BBC/43626/101/DF has undertake this research work under my supervision.

Signed:



Date:



Mr. MBAGO RONALD

DEDICATION

I delightfully dedicate this research project to my family, friends and relatives for their endless support, encouragement and prayers.

My world would be incomplete without you.

ACKNOWLEDGEMENT

First of all I would like to give a special acknowledgement to the Almighty God for seeing me through the entire comprehensive and detailed training program.

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May the Almighty God reward you infinitely.

LIST OF ABBREVIATIONS

KCB	-	Kenya Commercial Bank
MNC	-	Multinational Corporations
IT	-	Information Technology
MNE	-	Multinational Enterprises
CEO	-	Chief Executive Officer
WWW	-	World Wide Web
IGS	-	Integrated Global System
ATM	-	Automated Teller Machine
EAC	-	East Africa Community
EA	-	East Africa

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ABSTRACT

This study focused on finding out the Impacts of Information Technology to the success of Multinational Corporations. Research was conducted through different research methods both primary and secondary so as to collect detailed and comprehensive data. The research considered Kenya Commercial Bank (KCB) as a sample.

The study revealed that multinational corporation like Kenya Commercial Bank (KCB) has been attaining success in growth, expansion, diversification and increase in profits margins due to the embracement of information technology infrastructures.

The aim of this study is to research the relationship between information technology (IT) investment level and efficiency in conducting banking activities, IT at decision making process, future orientation, technology orientation and firm performance in the comprehensive competitive environment. As per this aim, I researched the related literature and after developing a research model and hypotheses, I made numerous analyses. The data of this study were mainly obtained from Kenya Commercial bank (KCB) and partly some different Multinational Companies in East African region. In accordance with literature, the findings of this study showed that IT investments are vital component of firm performance. If firms manage IT investments successfully, they will enhance firm performance and thereafter success. Moreover, the study enlightens the success of Kenya Commercial bank (KCB) and relates the success to the embracement of IT infrastructures.

Despite the challenges and risks in the banking sector Kenya Commercial bank (KCB) has managed to out compete other financial institutions and emerge the bank with largest branch network and capital base in the region with all branches across the borders linked together to provide real time banking services to its customers. With this amazing strategy, Information Technology has facilitated the linkage and integration to support real-time banking across borders in the region.

CHAPTER ONE

INTRODUCTION

Background of the study

The usage of information technology (IT), broadly referring to computers and peripheral equipment, has seen tremendous growth in Multinational Corporations, in the recent past. The most obvious example is perhaps the banking industry, where through the introduction of IT related products in internet banking, electronic payments, security investments, information exchanges, banks now can provide more diverse services to customers with less manpower. Seeing this pattern of growth, it seems obvious that IT can bring about equivalent contribution to profits.

In general, existing studies have concluded two positive effects regarding the relation between IT and Multinational Corporations success. First, IT can reduce business' operational costs (the cost advantage). For example, internet helps Multinational Corporations specifically banks to conduct standardized, low value-added transactions (e.g. bill payments, balance inquiries, account transfer) through the online channel, while focusing their resources into specialized, high-value added transactions (e.g. small business lending, personal trust services, investment banking) through branches. Second, IT can facilitate transactions among customers within the same network (the network effect).

A multinational corporation (MNC) or multinational enterprise (MNE) is a corporation enterprise that manages production or delivers services in more than one country. It can also be referred to as an international corporation. They play an important role in globalization.

Multinational corporations are important factors in the processes of globalization. National and local governments often compete against one another to attract MNC facilities, with the expectation of increased tax revenue, employment, and economic activity. To compete, political entities may offer MNCs incentives such as tax breaks, pledges of governmental assistance or subsidized infrastructure, or lax environmental and labor regulations. These ways of attracting foreign investment may be criticized as a race to the bottom, a push towards greater autonomy for corporations, or both. MNCs play an important role in developing the economies of developing countries like investing in these countries provide market to the MNC but provide employment, choice of multi goods etc.

Information technology (IT) is a branch of engineering that deals with the use of computers to store, retrieve, and transmit information. The acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a microelectronics-based combination of computing and telecommunications are its main fields. The term in its modern sense first appeared in a 1958 article published in the Harvard Business Review, in which authors Leavitt and Whisler commented that "the new technology does not yet have a single established name. We shall call it information technology (IT)." Some of the modern and emerging fields of Information technology are next generation web technologies, bioinformatics, cloud computing, global information systems, large scale knowledge bases, etc. Advancements are mainly driven in the field of computer science on top of an evolving electronics infrastructure made possible by Moore's law, Engineering, Physics/Mathematics, Defense (military) expenditures, public/private R&D, and the consumer product marketplace.

Looking at a broad spectrum of Information Technology (IT), the impact on business is vast. IT is affecting nearly every facet of human endeavor, and that effect is to speed up, to simplify the process of work, of innovation, of scientific exploration. Information technologies have, undeniably, had a positive impact on economic growth over the last century. One needs look no further than a daily newspaper to see that information technology has radically changed today's cultures and the way people think. Advanced information systems and networks enable the nearly immediate transmission of digital information in such forms as photographs, streaming video, graphs, numerical indices, financial facts, market analyses, expected values, etc. All of this information flows through and nourishes the global economy as blood does the human body. Numbers, the information systems in which those numbers are stored, and the analytical procedures we use to make sense of those numbers are fundamental to progress in modern societies.

Historic Background of the organization (KCB)

The history of Kenya Commercial Bank (KCB) dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa, the oldest town in Kenya. Eight years later in 1904, the bank extended its operations to Nairobi, which had become the headquarters of the expanding railway line to Uganda.

The next major change in the bank's history came in 1958 when Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon Kenya's independence in

1963, the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans. In 1970, the Government of Kenya acquired 100% ownership of the bank's shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank. The Government has over the years reduced its shareholding in KCB to 23%, as of December 2008. In a rights issue which concluded in August 2010, the shareholding by the Kenyan Government was reduced to 17.74%.

In 1972, Savings & Loan (Kenya) Limited was acquired to specialize in mortgage finance. In 1997, another subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar es Salaam, Tanzania, to provide banking services and promote cross-border trading. In May 2006 KCB extended its operations to South Sudan following licensing by the Bank of South Sudan. In November, 2007, the first branch of KCB Uganda Limited opened in Kampala, Uganda following licensing by the Bank of Uganda. In 2008, KCB expanded to Rwanda, where the first branch opened in Kigali in December 2008. A subsidiary KCB Burundi commenced provision of banking services on Tuesday 8 May 2011, having been granted a commercial banking license on Wednesday 18 April 2012. KCB Group became the first financial services group to establish subsidiaries in all the five countries of the East Africa Community.

Statement of the problem

For a company to compete successfully with others in this diverse unpredictable and uncertain business atmosphere, it should aggressively be innovative with its products. And this cannot be achieved without embracement of the latest technology trends.

In today's complex business environment, new opportunities constantly emerge, which can challenge a company's ability to quickly and successfully respond. These new opportunities often stem from a company's ability to "connect with and know" their customers, suppliers and partners in order to be successful in the world of e-business. Driving these opportunities may be changing technology or market, social and legislative issues. Too often companies may want to capitalize on these new opportunities but are delayed or even prohibited by the changes required to their information technology (IT) systems. No Chief Executive Officer (CEO) wants to hear that the company's information technology systems and networks are so complex that making changes to foster customer service enable a new sales channel or improve supply chain dynamics is an

extremely costly and lengthy process. Or even worse, that after these changes are made, the IT infrastructure is unable to meet the new capacity, performance and availability demands.

To be successful today, you must be able to respond rapidly to changing conditions, and this means that your IT infrastructure is the key. No longer do you have the luxury of implementing changes to your infrastructure after a new initiative is clearly defined. Instead, you must ensure that your current IT infrastructure is flexible and ready for future needs. You cannot have your business stymied by an oppressive IT environment that is a hindrance to success. Instead, you must be able to implement new business functions or change existing ones as quickly and painlessly as possible.

Purpose of the study

The general purpose of this study is to determine whether there is significant relationship between Information technology level and success of Multinational Corporations.

Research objectives

- (i) To determine the profile of respondents in terms of Gender, Age, Academic qualification and working experience
- (ii) To determine the level of Information technology in KCB
- (iii) To determine the extent of success in Multinational corporations i.e. KCB
- (iv) To determine whether there is significant relationship between the level of Information technology level and success of Multinational Corporations.

Research questions

- (i) What is the profile of respondents in terms of Gender, Age, Academic qualification and working experience?
- (ii) What is the level of Information technology?
- (iii) Is there significant relationship between Information technology level and success of Multinational Corporations?

Scope of the study

Geographic scope; The study was carried out across the East Africa Community i.e. The East African region, specifically in Uganda. KCB Banks located on Jinja road in the heart of Kampala

city. The researcher is based in Kampala the capital of Uganda. The reason as to why the researcher chose to study in the area it's due to easy access of information and being his present residence.

Time scope; The researcher took a period of six weeks (1 month and 2 weeks) to conduct the research study comprehensively.

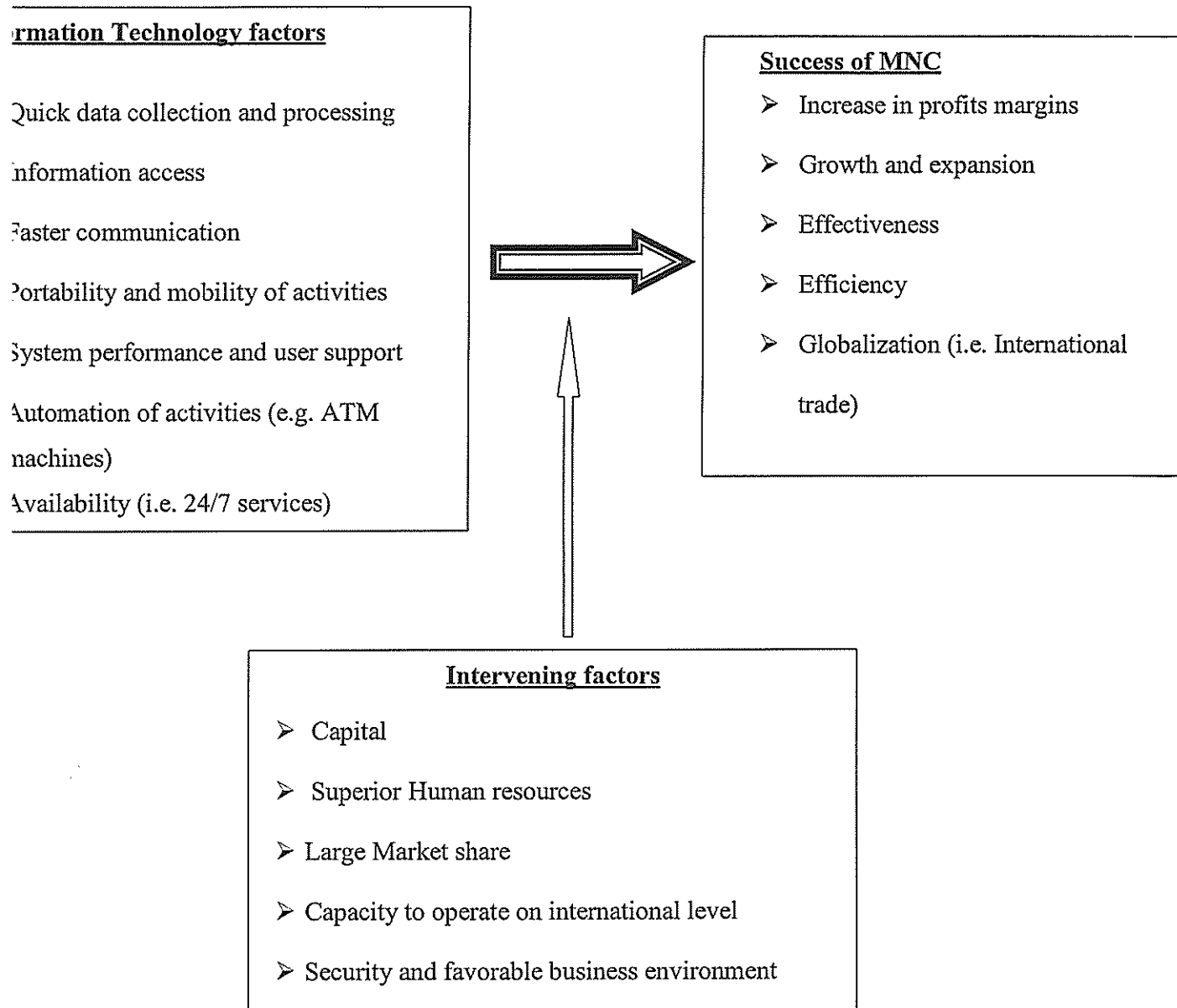
Content scope; The study covered the Information Technology function and business operations of Kenya Commercial Bank (KCB), which includes; data capturing, information processing, systems functionality, networking of branches across the region, service delivery and efficiency of the business activities.

Significance of the study

The following are the significances of this study;

- (i) The study helped the researcher to know the importance of information technology investment to the firm. For most multinational enterprises (MNE) information technology is vital and fundamental for its operations, either to share and disseminate information easily, communicate much easier, collaborate and solidify resources for competitive advantage.
- (ii) The study helped Multinational corporations like Kenya Commercial Bank (KCB) to invest adequately on its information technology infrastructures in order to attain minimum operational costs and increase its competitive edge.
- (iii) The disclosed the elements of information technology which bring success to Kenya Commercial Bank (KCB) and how are interrelated to harmoniously working together.
- (iv) The study revealed how growth and expansion of multinational corporations like Kenya Commercial Bank (KCB) has been attributed and catalyzed by information technology.
- (v) The study increased knowledge of the researcher in multinational corporations' operations activities as well as information technology level in banking industry.

Conceptual framework



Source: Researcher's conceptualization

The information technology factors are fundamentally important to the success of multinational enterprises. Due to the reliability, convenience, efficiency, fast and effectiveness of activities MNCs are able to conduct their operations with little hindrances and drawbacks and this leads to their success. Consequently there has to be factors which intervene in order to achieve and realize success in MNCs

CHAPTER TWO

LITERATURE REVIEW

Concepts and ideas from experts and authors

Information Technology infrastructure

Information Technology (IT) is the area of managing technology and spans a wide variety of areas that include computer software, information systems, computer hardware, programming languages but are not limited to things such as processes, and data constructs. In short, anything that renders data, information or perceived knowledge in any visual format whatsoever, via any multimedia distribution mechanism, is considered part of the IT domain. IT provides businesses with four sets of core services to help execute the business strategy: business process automation, providing information, connecting with customers, and productivity tools.

The usage of Information Technology (IT), broadly referring to computers and peripheral equipment, has seen tremendous growth in service industries in the recent past. The most obvious example is perhaps the banking industry, where through the introduction of IT related products in internet banking, electronic payments, security investments, information exchanges (Berger, 2003), banks now can provide more diverse services to customers with less manpower. Seeing this pattern of growth, it seems obvious that IT can bring about equivalent contribution to profits.

In general, existing studies have concluded two positive effects regarding the relation between IT and banks' performance. First, IT can reduce banks' operational costs (the cost advantage). For example, internet helps banks to conduct standardized, low value-added transactions (e.g. bill payments, balance inquiries, account transfer) through the online channel, while focusing their resources into specialized, high-value added transactions (e.g. small business lending, personal trust services, investment banking) through branches. Second, IT can facilitate transactions among customers within the same network.

Data processing

Data processing refers to a process that a computer program does to enter data and summarize, analyses or otherwise convert data into usable information. It involves recording, analyzing, sorting, summarizing, calculating, disseminating and storing data. Because data are most useful when well-presented and actually informative, data-processing systems are often referred to as

information systems. Nevertheless, the terms are roughly synonymous, performing similar conversions; data-processing systems typically manipulate raw data into information, and likewise information systems typically take raw data as input to produce information as output. Data processing may or may not be distinguished from data conversion, when the process is merely to convert data to another format, and does not involve any data manipulation.

Information access

This is an area of research at the intersection of informatics, Information Science, Information Security, Language Technology, Computer Science, and library science. The objective of the various research efforts in information access is to simplify and make it effective for human users to access and further process large and unwieldy amounts of data and information.

Information technology management

Information technology management is a process which MNCs use that takes advantage of available information technology resources to create competitive business operations. Business owners and managers may struggle to fully implement information technology into their company because of expense, maintenance and upgrade requirements. However, developing information technology management strategies can help company owners and managers find the best ways to use technology to improve their company's operations and standing in the business environment.

Multinational Corporation

According to Burton, Daniel F., Jr., Erich Bloch, and Mark S. Mahomey. "Multinationals." *Challenge*, of 1994. Multinational corporations have existed since the beginning of overseas trade. They have remained a part of the business scene throughout history, entering their modern form in the 17th and 18th centuries with the creation of large companies. By the end of the 19th century, advances in communications had more closely linked world markets, and multinational corporations retained their favorable image as instruments of improved global relations through commercial ties. The existence of close international trading relations did not prevent the outbreak of two world wars in the first half of the 20th century, but an even more closely bound world economy emerged in the aftermath of the period of conflict.

Multinational Corporation (MNC) is corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office where they co-ordinate global management. Very large multinationals have budgets that exceed those of many small countries.

Globalization

This is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. In particular, advances in transportation and telecommunications infrastructure, including the rise of the Internet, are major factors in globalization and precipitate further interdependence of economic and cultural activities. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge. With regards to trade and transactions, developing countries increased their share of world trade, from 19 percent in 1971 to 29 percent in 1999.

Theoretical review

Examining the role of information technology (IT) in multinational corporations is a key to understanding the world economy. The multinational corporation of today operates on a breathtaking scale. It typically has business operations and data centers in dozens or more countries. It often engages in several lines of business with patterns of management activity dependent on the area of the world where it is doing business. Multinationals account for the bulk of world trade, more than 70 per cent of which takes place intra-firm, e.g. between different parts of the same corporation (Encarnation,1992).

Multinational corporations are major users of information technology by even the most conservative estimates. They engage the most advanced applications and technologies, and in comparison with other business enterprises they have by far the largest geographical scale and scope in their data processing operations.

Some of the earliest research concerning information technology and the multinational corporation appears in Antonelli (1984, 1988) who studied the emerging effects of international telecommunication systems. Written in Italian a full 10 years before similar studies appeared in the United States, his work demonstrated that the international telecommunication systems of

multinationals form an integrated nervous system allowing geographically extended enterprises to coordinate their activities. Other studies show that data centers linked together can be used to support geographically dispersed European-wide logistics and engineering coordination (Bakis,1987a), and can support a 'required dispersal of factories' so that intra-firm imports and exports can be balanced between different countries (Bakis,1987b).

Information technology and telecommunications in the Multinational corporations can be used for both defensive and offensive strategies (Hagstrom, 1990, 1991; Ledin, 1990). As they compete in their battle throughout the world, firms engage in a type of 'technoglobalism' wherein the role played by IT in strategy is to reduce response time to important external events (Imai, 1991a,b). These events are generated by regulatory regimes which constitute the 'environment' for international information processing systems. The regime in any particular country might force the multinational to make adjustments in how it deploys information systems (King and Sethi, 1991). In Japan, for example, the same technologies are useful in a different cultural setting (Masuda, 1985), although Japanese culture forces companies to adopt more flexible data processing arrangements (Ochiai, 1987). Although information systems can help a multinational lower the cost of extending its geographical reach in 'accessing international markets' (Gurbaxani and Whang, 1991), global communication networks may also be used to extensively monitor and control overseas operations and to promote a strong form of corporate centralization in some firms (Ishikawa, 1990). A blend of regional and local data centers may be used to strike a balance between centralized and decentralized processing, resulting in a 'hierarchy' of systems. The distribution of investment and deployment of information systems (IS) also can be matched to the peculiar nature of a specialized market, resulting in the substantial build-up of local processing capabilities and operations all within the context of an integrated global system (IGS) (Mookerjee and Cash, 1990).

It appears that the development of flexibility in international information systems can be based on different 'generic' architectures which set out to integrate business strategy and systems design (Gibson, 1993). New trends in application of telecommunications and information systems in multinational corporations can lead to re-organization at the departmental level as well (Giga, 1986). For example, global reorganization can be applied to the management of research and development support systems (Imai, 1991).

Management of the transition to a global information system based on new opportunities in telecommunications can be done by moving internal corporate information around the globe, opening up electronic gateways to customers, suppliers and alliance partners, giving access to repositories of critical corporate knowledge and providing a basic infrastructure to implement new management initiatives (Daniels and Frost, 1991). Some argue that international technology linkages may enable a firm to become a 'virtual global corporation' by building cooperative alliances so as to coordinate service internationally (Clemons et al., 1992).

Impacts of Information technology

Information technology is a wide field, and has enabled organizations across the world to work in an efficient manner. It plays a very important role in effective management and running of a business. The use of information technology in organizations is inevitable, be it any type of company like manufacturing or medicinal sector. It has contributed largely to the process advancements in organizations. The exact impact of information technology on business administration can be determined by the elements mentioned below.

Software and Applications: Software is an important part of information technology which relates to computer applications that enable a company to generate, store, program, and retrieve data as and when needed. There are many software developed for different purposes. All operations in the business sector are carried out by software that are assigned for executing specific tasks. Without these computer applications the businesses wouldn't have been able to carry out their functions in a proper and efficient manner. Operating systems, ERPs, special purpose applications, and web browsers are some examples of different software.

Hardware Devices: These are various computer equipment that houses the software. Devices like microcomputers, mid-size servers, and huge mainframe systems are some examples of hardware. Businesses have to maintain a huge collection of important data. For this purpose, they employ these devices which are responsible for storing confidential company data and retrieving it back when required. Other hardware devices include network devices that are used for providing Internet access to the businesses to work and communicate expeditiously. There are even devices which enable manufacturing tools and equipment to work accurately in the industrial sector.

The information technology role in business sector certainly is of a great importance, which enables businesses to effectively and successfully plan, manage, execute strategies which lead to profit. Moreover, the impact of information technology on business is on the rise, as several advancements are focused on to be implemented in various business processes.

Success of Multinational corporations

Multinational corporations (MNC) play an important role in globalization it manages production or delivers services in more than one country. It can also be referred to as an International corporation. Corporations may make a foreign direct investment. Foreign direct investment is direct investment into one country by a company in production located in another country either by buying a company in the country or by expanding operations of an existing business in the country. Success of Multinational Corporations can be measured in terms of profitability of the company, Growth and expansion, Effectiveness and efficiency of the activities of the company.

Multinational corporations are important factors in the processes of globalization. National and local governments often compete against one another to attract MNC facilities, with the expectation of increased tax revenue, employment, and economic activity. To compete, political entities may offer MNCs incentives such as tax breaks, pledges of governmental assistance or subsidized infrastructure, or lax environmental and labor regulations. These ways of attracting foreign investment may be criticized as a race to the bottom, a push towards greater autonomy for corporations, or both. MNCs play an important role in developing the economies of developing countries like investing in these countries provide market to the MNC but provide employment, choice of multi goods etc.

Related studies

How can Information Technology (IT) be important for performance and success of the organizations in the future? According to **Cemal Zehir** (2006) "The Impact Of Information Technology Investments On Firm Performance in National and Multinational Companies" The researcher found out that it's important to managers and practitioners beside IT researchers; because IT investments have a vital role today's organizations. If the firms manage the investments correctly and carefully, they can manage the market and they can be market leader. The investments' costs are important for organizations.

It is untrue and inconclusive as according to **Shirley J. Ho & Sushanta K. Mallick (2007)** “The Impact of Information Technology on the Banking Industry” Which concludes that; usage of IT can lead to lower costs, but the effect on profitability remains inconclusive owing to the possibility of network effects that arise as a result of competition in financial services. The relationship between IT expenditures and bank’s financial performance or market share is conditional upon the extent of network effect. If the network effect is too low, IT expenditures are likely to reduce payroll expenses, increase market share, and increase revenue and profit.

Information technology is not the predominant factor to the progression of globalization. According to **Benjamin R. Lawlor (2005)** “The Age of Globalization: Impact of Information Technology on Global Business Strategies” Information technology has been the leading factor in the progression of globalization to this point, and will continue to influence globalization’s progression throughout this century, leading to a globally connected world. With globalization becoming such an integral part of the global landscape, businesses need to adapt their processes and operations in order to compete in the highly competitive global environment. Information technology is the driver behind organizations’ need and desire to implement global strategies.

The importance of Information technology in Multinational corporations

Information technology (IT) is an input in the production process and there is an interaction between IT and other inputs. Thus, IT provides benefit to the Multinational corporations more than capital and labour. IT benefits can be evaluated at the organizational, industrial and nation level. For providing performance, organizations should invest and coordinate IT effectively.

IT enables the transformation of Multinational corporations activating on different industrial branches to associated marketing firms, whilst universalizing the strategic unions among the enterprises. IT investments have an impact on economical growth. In consequence of consistent innovation and the usage of technology, new processes can be developed and product outcomes can be increased. Information technologies set up communication platforms on the world by connecting people and gain access to precise information by means of World Wide Web (www).

Multinational corporations make the description of the daily problems confronting in their activities by using IT. IT usage guides to formulize the policies which will stimulate the economical growth

and development. It also provides very significant foresights for the rule regulators working on the field of specific sector development. Product quality standards continue to increase regularly with the usage of IT. The computer supported designing models increase the performance of machines and products by using advanced simulation techniques. It also decreases the levels of tolerance during production process through effectively set up feedback mechanisms.

Technology can be conceptualized as a subunit strategic of sources used by Multinational corporations on present and future innovation efforts. High firm performance depends on the technological proficiency of the firms. Unless a firm predicts and follows the technological developments and use these developments for the improvement of its own product and process, high firm performance may come true.

The application of information technologies also permits Multinational corporations to identify and replace established processes that are embedded with inefficiencies. An exciting example of this technology is known as “business intelligence” (BI). BI methodologies make it possible for firms to measure, collect, analyze and act on information on a grand scale. BI is critical to the accomplishment of our business strategy and has created significant business benefits.

For commercial banking firms, these advances in IT have resulted in dramatic productivity gains. One early example was the introduction of the automated teller machine (ATM), which first appeared in the United States in 1968. Most certainly, the introduction of ATMs made the distribution of some banking services more “efficient.” Before ATMs, withdrawing funds, account inquiries, and transferring funds between accounts all required face-to-face interaction between the customer and a bank teller. The bank’s costs for these transactions included wages of tellers and back-office personnel, the cost of maintaining the premises, and other related expenses. ATMs automated this process and, to the extent that they were simply substituting a machine for a bank teller, costs per transaction fell significantly.

Now days most of the Multinational corporations found that virtual communications are very useful. They can use it to hold a virtual conference between companies in different countries at any time and any day. Most companies find it helpful because it saves their money and time. For example: the companies who want to discuss a business deal should asset time and place to meet but with a virtual communication there is no need to all of these.

CHAPTER THREE

RESEARCH METHODOLOGY

Research design

The research design employed a quantitative approach: the researcher used both a descriptive correlation design and cross-sectional research design. Descriptive correlation design was used because the study intended to measure the relationship between the independent variable (Information Technology) and dependent variable (Success of MNCs). A cross sectional research design was used because the study intended to examine respondents once and for a short period of time.

Study Population

The target population of this study was both seniors and juniors staffs of KCB bank in the three branches in Kampala; Jinja road branch, Arua park branch and Kamwokya branch, making a total population of 110 employees.

Sample size

Out of the eighty employees, the sample size of 80 respondents was determined using the Slovic's formula;

$$n = \frac{N}{1 + N(e^2)}$$

Where: n = Sample size, N = Target population and e = Level of significance/Marginal error (0.05)

Sampling procedure

The researcher used non-probability sample approach. This is where the elements in the population do not have a known probability of being selected. The researcher had a good opportunity of meeting various categories of workers for collecting data as well as employers of those workers. The researcher chose this type of approach because samples are useful for quick and inexpensive studies. Specifically the researcher used convenience sampling technique

Research instrument

The study used a researcher made structured self administered questionnaire with three major parts. Part (1) had questions concerning respondents profile, Part (2) addressed the questions on level of Information technology and Part (3) dealt with questions on the extent of success of MNCs. All questions were structured.

Validity of the instrument

To ensure the validity and reliability of the instrument, the researcher employed the expert judgment method. The researcher constructed a questionnaire with help of experts in the area of study. Thereafter the researcher obtained necessary judgments from the experts and probably consultation on how to undertake a proper research.

Research procedure

After submission of the proposal, the researcher obtained an introductory letter from the College of Applied Economic and Management Sciences, addressed to the human resource management department/directorate of KCB Bank, seeking permission to access staff to participate in the study and have access to relevant information and data from the organization's archives. The researcher will always avail himself to clarify on areas that could be difficult for respondents to interpret. Research assistants will be given thorough orientation on the research instrument. After two weeks, the researcher will retrieve fully filled instrument from the respondents for analysis.

Data analysis

Fully filled questionnaires from the respondents will be edited, coded and entered into computer statistical packages for analysis and particularly, spread sheet/excel will be majorly utilized to generate frequencies and percentages. Findings will be presented in form of tables and other graphs and other relevant presentations.

Limitations of the study

When conducting this study, the researcher is likely to encounter the following challenges which might affect the study findings:

- ❖ Extraneous variables; due to matters of confidentiality, some respondents will refuse to reveal relevant information and others might be biased towards other persons and this will consequently affect the credibility of the information obtained. To counteract this problem, the researcher will assure respondents that data obtained will be purely for academic purposes and findings will be generalized.
- ❖ Instrumentality; since the study will employ a researcher-made self-administered questionnaire, there is a likelihood of the instrument failing to measure what it is intended to measure since it is not standardized. This will be dealt with through subjecting the tool to Content Validity Index test before it is administered to the target population and sample size in particular.
- ❖ Test; due to the fact that data will be collected in a period of two weeks, there is a chance that there are some chances of room for change in perception and attitude of respondents. The researcher and research assistants will use his technical expertise to interrogate respondents so that he can get the information he wants from them properly.
- ❖ Attrition; there is a likelihood of some targeted respondents failing to return questionnaires given to them and this will at the end of the day delay the research process. However, the researcher will give out as many questionnaires as he can, beyond the minimum samples so that in case some respondents fail to return, this will not suffocate and bring work to a standstill.

CHAPTER FOUR

ANALYSIS, INTERPRETATION AND PRESENTATION OF DATA

Introduction

This chapter presents, interprets and analyses data collected from the field based on the questions proposed in the objectives in the first chapter. The research involves presentations, interpretations and analysis of the collected primary data. The presentation is done in tables with illustrations to make sure that research biases are eliminated.

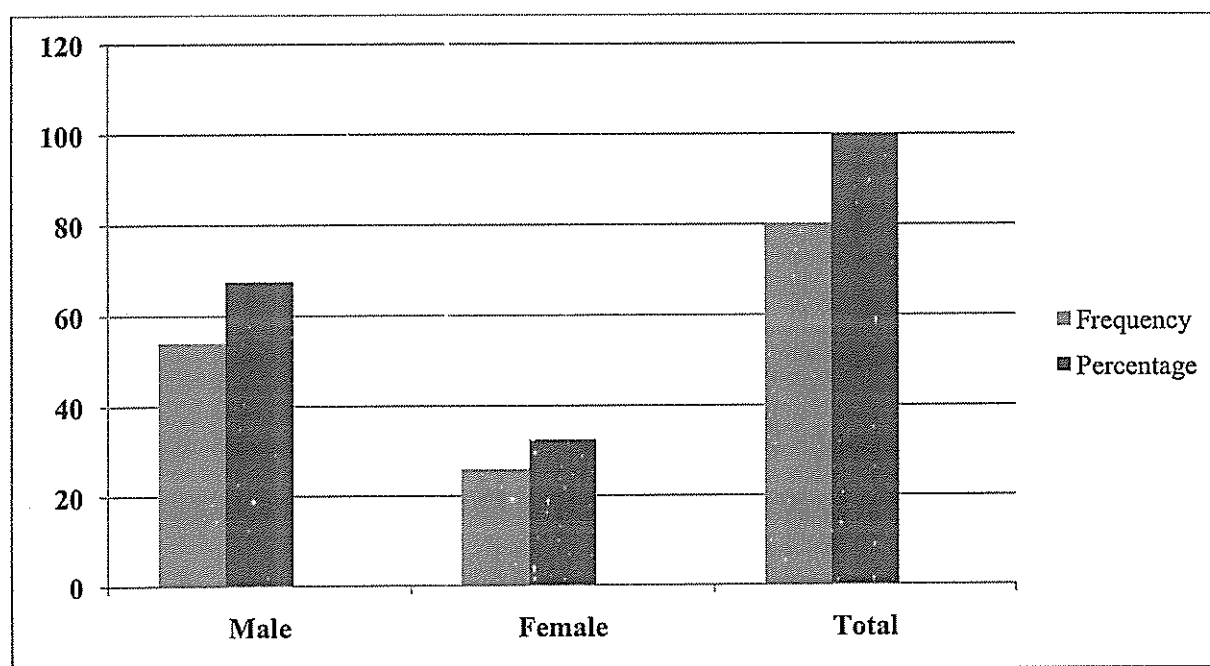
Profile of respondents

Table 1.1 Gender characteristics of respondents

Sex	Frequency	Percentage
Male	54	67.5%
Female	26	32.5%
Total	80	100%

Source: Primary data, 2012

Fig 1.1 Bar graph representing Gender characteristics of respondents



Source: Primary data, 2012

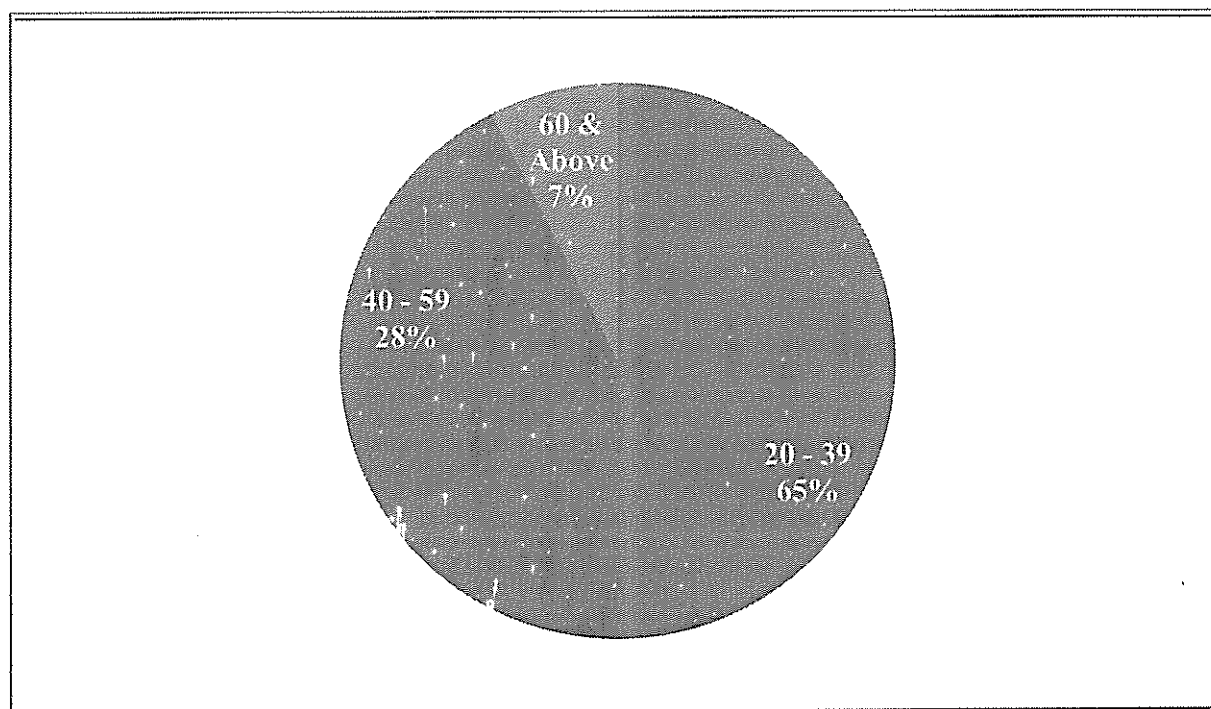
As per the information revealed by the study, fifty four (54) respondents were males, accounting for 67.5% of the total number of respondents and females were twenty six (26), standing at 32.5% of the total number of respondents. Basing on the above, it is established that there was a good representation though male domination persists.

Table 1.2 Age characteristics of respondents

Age bracket	Frequency	Percentage
20 – 39	52	65%
40 – 59	22	27.5%
60 – Above	6	7.5%
Total	80	100%

Source: Primary data, 2012

Fig 1.2 Pie chart showing the percentages of age bracket of respondents



Source: Primary data, 2012

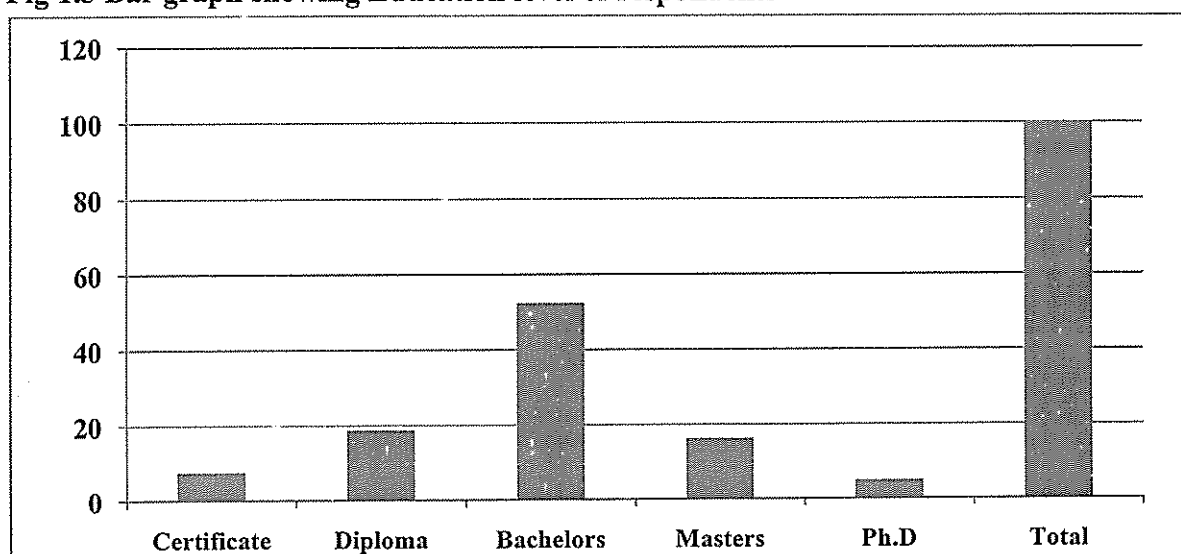
As per the information revealed by the study, fifty two (52) of the respondents were between 20 -39 years old, accounting for 65% of the total number of respondents, respondents with age between 40-59 were twenty two (22), standing at 27.5% of the total number of respondents and the remaining percentage of 7.5% of the respondents were 60 years of age and above. Basing on the above, it is established that the majority of the staffs at Kenya Commercial Bank (KCB) were aged between 20 -39 years old, and hence the working population of Kenya Commercial Bank (KCB) is majorly youths and young adults.

Table 1.3 Education levels of respondents

Education Level	Frequency	Percentage
Certificate	6	7.5%
Diploma	15	18.75%
Bachelors	42	52.5%
Masters	13	16.25%
PhD	4	5%
Totals	80	100%

Source: Primary data, 2012

Fig 1.3 Bar graph showing Education level of respondents



Source: Primary data, 2012

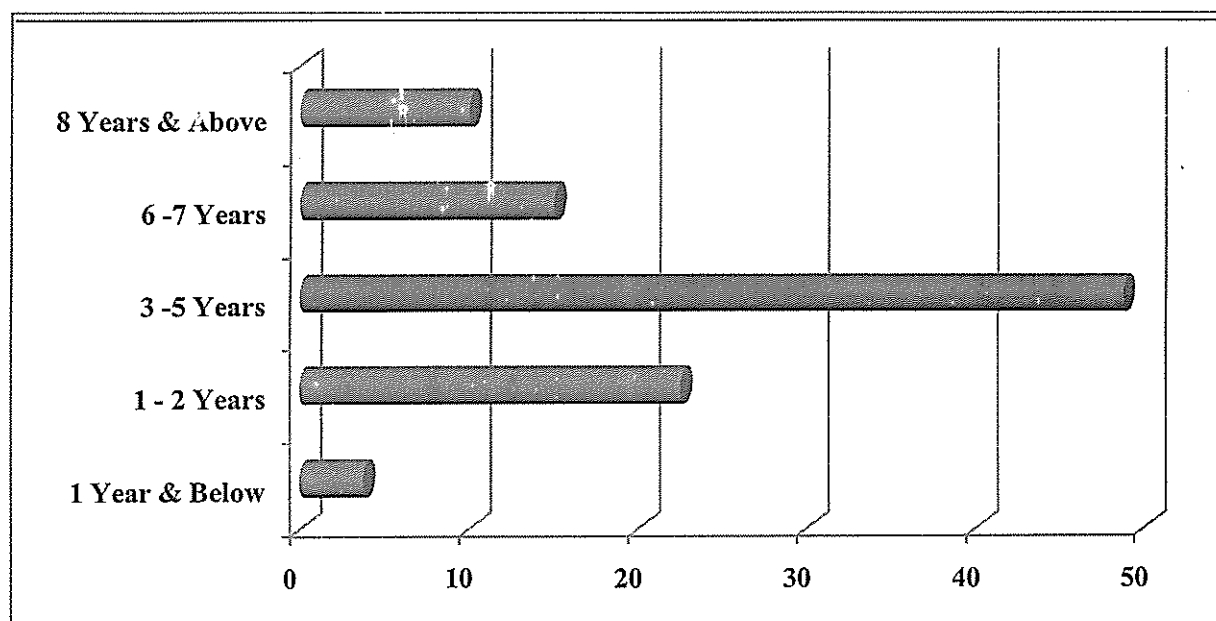
The study revealed that forty two (42) of the respondents were bachelor degree holders, accounting for 52.5% of the total number of respondents, fifteen of the respondents (15) were diploma holders, accounting for 18.75% of the total number of respondents, thirteen (13) of the respondents were Masters degree holders accounting for 16.25% of the total number of respondents, six (6) of the respondents were Certificates holders accounting for 7.5% of the total number of respondents and four (4) of the respondents were PhD doctorate holders accounting for 5% of the total number of respondents. Basing on the above, it is established that the working staff of Kenya Commercial Bank (KCB) were educated and a large percentage of them are graduates.

Table 1.4 Working experiences of respondents

Working Experiences	Frequency	Percentage
1 year & Below	3	3.75%
2 – 3 Years	18	22.5%
4 – 5 Years	39	48.75%
6 – 7 Years	12	15%
8 Years & Above	8	10%
Total	80	100%

Source: Primary data, 2012

Fig 1.3 Bar graph showing Education level of respondents



Source: Primary data, 2012

As per the information revealed by the study, thirty nine (39) of the respondents had a working experience exceeding four (4) years, accounting for 48.75% of the total number of respondents, eighteen (18) of the respondents had a working experience exceeding two (2) years, standing at 22.5% of the total number of respondents, twelve (12) of the respondents had a working experience exceeding six (6) years, accounting for 15% of the total number of respondents, eight (8) of the respondents had a working experience exceeding eight (8) years, accounting for 10% of the total number of respondents and the remaining percentage of 3% of the respondents were having a working experience of less than one (1) year. Basing on the above, it is established that the majority of the staffs at Kenya Commercial Bank (KCB) are experienced in the banking industry and hence delivering a financial advantageous, prime and suitable services to the clients. This also implies that the rate of labor turnover is very low.

Description of the Independent Variable

The independent variable in this study was Information technology. This was measured using qualitative questions in the questionnaire (Fifteen items were used in measuring) and each of the question item was Likert scaled using four points, where 1 = Strongly Disagree; 2 = Disagree; 3 = Agree; 4 = Strongly Agree.

Table 1.4 Information Technology level in Multinational corporations

Items to be measured	Mean	Interpretation	Rank
Computer systems collects data faster.	3.6	Very High	4 th
Computer systems are effective in retrieving and accessing data.	3.34	Very High	8 th
Computer systems are efficient in processing data.	3.18	High	10 th
Computers and systems network communicates efficiently.	2.93	High	14 th
Computer systems share data resources smoothly	3.04	High	12 th
Mobile banking available.	3.53	Very High	6 th
Internet banking available.	3.44	Very High	7 th
Mobile money withdrawal services available.	3.26	Very High	9 th
ATM withdrawal and deposits available.	3.61	Very High	3 rd
Over-the-counter transaction fast and timely.	3.73	Very High	1 st
Electronic Funds Transfer (EFT) available.	3.63	Very High	2 nd
System evaluation carried out regularly.	3.05	High	11 th
Similar systems are used across all branches	3.58	Very High	5 th
Systems are reliable and efficient.	3.03	High	13 th
Limitation and errors are frequently in the systems	1.93	Low	15 th
Mean Index for Independent Variable	3.26	Very High	

Source: Primary data, 2012

KEY

Mean range	Interpretation	
3.26 - 4.00	Very High	(Strongly Agree)
2.51 - 3.25	High	(Agree)
1.76 - 2.50	Low	(Disagree)
1 – 1.75	Very low	(Strongly Disagree)

The means in table 1.5 of Independent Variable “Information Technology” suggest that most of the respondents strongly agreed “Very High” with most of the items on Information technology, under the Likert scale. For example, respondents strongly agreed with 60%, 33% Agreed and only 7% disagree on the items of Information technology. The 1st ranked item was “*Over-the-counter transaction fast and timely*” with a mean of 3.73, implying that most respondents strongly agreed with this item reflecting that the transactions that are conducted over the counter are fast, secure, convenient and time effective. The 2nd ranked item was “*Electronic Funds Transfer (EFT) available*” with a mean of 3.63, implying that a relative large number of respondents strongly agreed with this item meaning that Electronic Funds Transfer (EFT) is reliable and with least inconveniences.

On the other hand the 15th and the last ranked item was “*Limitation and errors are frequently in the systems*” with a mean score of 1.93, implying that most respondents disagreed with this item and hence reflecting systems are very efficient and effective in terms of their functions.

Description of Dependent Variable

The dependent variable in this study was Success of Multinational Corporations, which was measured using three forms of business enterprise setting, namely Human Resources (measured by five items in the questionnaire); Policies (measured by four items in the questionnaire) and Business Environment (measured by six items in the questionnaire).

Table 1.5 Successes in Multinational Corporations

Human Resource	Mean	Interpretation	Rank
Job rotation done.	3.33	High	1 st
Achievement recognized on performance.	3.11	High	2 nd
Job training received frequently.	3.03	High	3 rd
Employees are given incentives and attractive packages.	2.51	High	4 th
Employment done on experience and merit.	2.33	Low	5 th
Mean Index (Human Resource)	2.86	High	3rd
Polcies	Mean	Interpretation	Rank
I know the organizational chart.	3.45	Very High	1 st
Employees are sensitized on goals the company.	3.36	Very High	2 nd
Timely delivery of service.	3.21	High	3 rd
Work ethics followed religiously.	2.59	High	4 th
Mean Index (Policies)	3.15	High	1st
Business Environmenmt	Mean	Interpretation	Rank
Society welcomes and appreciate banking services.	3.45	Very High	1 st
Laws that support business activities are in palce.	3.23	High	2 nd
Products promotion	3.13	High	3 rd
Bigger market share availability.	2.86	High	4 th
Brand awareness	2.71	High	5 th
Advertisement carried out on regular basis.	2.23	Low	6 th
Mean Index (Business Environment)	2.93	High	2nd
Cumulative Mean for Success of MNC	2.97	High	

Source: Primary data, 2012

KEY

Mean range	Interpretation
3.26 - 4.00	Very High (Strongly Agree)
2.51 - 3.25	High (Agree)
1.76 - 2.50	Low (Disagree)
1 – 1.75	Very low (Strongly Disagree)

As regards to the Dependent Variable “Success of Multinational Corporations” the means suggest that most respondents agreed on the items. Respondents agreed on 67% of the items, strongly agreed on 20% of the items and disagreed on 13% of the items presented on the questionnaires. To generate a summary picture on how respondents rated Human Resource, Policies and Business Environment, an average cumulative mean was computed and which it gave a result of 2.98 in which on the Likert scale it reflect High meaning the respondents agreed on the items.

The first ranked items with the highest mean index are “*Policies*” with a mean of 3.15 reflecting a High in Likert scale; this implies that the policies which are formulated and used to run Kenya Commercial bank (KCB) are effective in the operations of the bank; second ranked items are in “*Business Environmenmt*” with a mean of 2.93 reflecting a High in Likert scale; implying that the Micro and Macro environment of Kenya Commercial Bank (KCB) is well organized in such a way that it allows the bank to perform well and run smoothly. And the third and last ranked items are in “*Human Resource*” with a mean of 2.86 reflecting a high in Likert scale; implying that workers in Kenya Commercial Bank (KCB) are well taken care of in terms of their welfare and thus satisfied with the working conditions.

Relationship between Information Technology and Success of Multinational Corporation in Kenya Commercial Bank branches in Kampala, Uganda

Table 1.6 measured the relationship between the Information Technology and the Success of MNCs. Here, the mean values of the IV and the DV were computed and correlated in SPSS.

Table 1.6 Relationship between Information Technology and Success of Multinational Corporation

Variables correlated	R-value	Sig	Interpretation	Decision on Ho
Information Technology Vs Success of MNC	-.337	.220	Insignificant relationship	Rejected

Source: Primary data, 2012

The study findings revealed that there is no significant relationship between Information technology and Success of Multinational Corporation in KCB Bank as per this study and this is confirmed with the sig value which is above 0.05. ($r = -0.337$, Sig = 0.220). This implies that any improvement in Information Technology systems in the bank has less to do with the level of Bank’s success.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter included summary of the study, conclusion, and recommendations. The study was made after the findings were presented and a discussion made.

Summary of findings

This study was set out to establish the Impact of Information technology on the success of Multinational Corporations a case of Kenya Commercial Bank (KCB) in Kampala-Uganda. The research study was guided by the following objectives; determining the respondent's profile in terms of Gender, Age, Academic qualification and working experience; determining the level of Information technology in KCB; determining the extent of success in Multinational corporations i.e. KCB; determining whether there is significant relationship between the level of Information technology level and success of Multinational Corporations.

The data collected included qualitative and quantitative which was analyzed and processed using Microsoft Excel spread sheet and SPSS to make it useful and understandable. Data was then tabulated and then analyzed using bar graph and pie charts to find the level of each variable with percentage effect. The analysis of the data involved testing for the significance impact of Information Technology to the Success of Multinational Corporations. The major findings of the study included finding out that Information technology has little impact on the success of Kenya Commercial Bank (KCB).

Data analysis using Microsoft Excel and SPSS showed that; in table 1.4 the mean Index for Independent Variable "*Information Technology*" is 3.26 while in table 1.5 that of the Dependent Variable "*Success of Multinational Corporations*" is 2.97. The relationship between Information Technology and success of Multinational Corporations a case of Kenya Commercial Bank (KCB), Kampala is not strong. This is revealed by the analysis of collected data from answered questionnaires by employees of Kenya Commercial Bank (KCB) and with computed sig value of 0.220 which is above 0.05, and this means that any improvement in Information Technology level in the bank has less impact on the Bank's success.

Conclusions

This research study is concerned with the impact of information technology on the banking industry (MNCs), as banks are the intensive users of IT. The usage of IT can lead to lower costs, but the effect on profitability remains inconclusive owing to the possibility of network effects that arise as a result of competition in financial services. The study analyzes both theoretically and empirically how information technology related spending can affect bank profits via competition in financial services that are offered by the banks. The conclusions of the study have been made in line with the objectives and findings of the study.

To determine the profile of respondents in terms of Gender, Age, Academic qualification and working experience

The first objective of the study was determining the profile of respondents at Kenya Commercial Bank (KCB) branches in Kampala, Uganda. According the topic of study it was necessary to have a good knowledge of the respondents. Based on the study findings, the researcher generated the following conclusions;

Quality and superior human resources leads to the success of business enterprise as seen in Kenya Commercial Bank (KCB) where a bigger percentage of employees are educated and experienced as well.

To determine the level of Information technology in KCB

The second objective of this study was to establish level of Information technology at Kenya Commercial Bank (KCB) branches in Kampala, Uganda. This was hypothesized that there was no effective information technology infrastructure. Basing on the findings, the researcher observed that the Information technology level was adequate to support the banking industry with least errors and inefficiencies and the following conclusions were generated; the information technology infrastructure of Kenya Commercial Bank (KCB) is of acceptable standards and well maintained.

To determine the significant relationship between Information technology and success of Kenya Commercial Bank.

The third objective of this study was to establish if there is a significant relationship between Information Technology and Success of Multinational Corporations at Kenya Commercial Bank (KCB) branches in Kampala, Uganda. According to the research findings the researcher observed that there is no significant relationship between Information Technology and Success of Multinational Corporations among Kenya Commercial Bank (KCB) branches in Kampala, Uganda. And the following conclusions were generated;

There is no direct relationship between the levels of Information technology and success of Kenya Commercial Bank, therefore any change in the Information technology infrastructure will not have an impact on profitability index of Kenya Commercial Bank (KCB).

Recommendations

Basing on the conclusions reached from the entire study findings, the researcher made the following recommendations. These recommendations will culminate into areas for further research arising from the more questions that have come in the study and have remained unanswered. The recommendations are as follows;

It is recommended that business enterprises should acquire and maintain an Information technology infrastructures which are of appropriate standards so as to facilitate the operations of the business since cost of running the enterprise are likely to remain minimal and hence improving profits margins.

These results should be important to managers and practitioners beside IT researchers; because IT investments have a vital role today's organizations. If the firms manage the investments correctly and carefully, they can manage the market and they can be market leader. The investments' costs are important for organizations. Hence, IT's role in the organizations and maximize the benefits of IT are very important for performance and success of the organizations in the future.

Areas for further research

These research findings are not dogmatic assertions that cannot be challenged. They are subject for criticism, review or if found reasonable, be replicated in other similar studies. Since the study generated more questions than it labored to answer, the major issues are given below:

1. An investigation into the effect of Information Technology to the business enterprises.
2. The impact of Internet to the success of banking industry.
3. The impact of information Technology investments on firm Performance in national and Multinational companies.
4. How Does Information Technology Impact on Business Relationships?

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APPENDIX A: TIME FRAME OF THE STUDY

No.	Activity of the study	Time taken
1	Pilot study	2 weeks
2	Data collection and Proposal writing	3 weeks
3	Performing data analysis	2 weeks
4	Editing the processed data	3 weeks
5	Presenting the Dissertation	1 day
6	Total time taken	10 weeks and 1 day

APPENDIX B: BUDGET OF THE STUDY.

No.	Item description	Amount in UGX
1	Typing and Printing	140,000
2	Transport	25,000
3	Airtime	30,000
4	Stationery	40,000
5	Literature collection	38,000
6	Miscellaneous	30,000
7	Totals	303,000

APPENDIX C: RESEARCH INSTRUMENT/QUESTIONNAIRE

Dear respondent,

I am Bachelors of Business Computing student of Kampala International University. Part of the requirement for the award of degree is a research report. My study is entitled **INFORMATION TECHNOLOGY AND THE SUCESS OF MULTINATIONAL CORPORATIONS**. Within this context, may I request you to participate in this study by answering the questionnaires. Kindly do not leave any part unanswered. Any data you will provide shall be for academic purposes only and no information of such shall be disclosed to others.

May I retrieve the questionnaire within five days.

Thank you in advance.

Yours faithfully,

ADAM BABU YUSUF

0791523507 / +254 720 518 713

RESPONDENT'S PROFILE

Gender: MALE: ☐ FEMALE: ☐

Age bracket:

20 – 39 ☐

40 – 59 ☐

60 – Above ☐

Level of Academic qualification:

Certificate: ☐

Diploma: ☐

Bachelors: ☐

Masters: ☐

Ph.D: ☐

Working experience:

1 year and Below: ☐

1 – 2 years: ☐

3 – 5 years: ☐

6 - 7 ☐

8 years and Above: ☐

THE LEVEL OF INFORMATION TECHNOLOGY

Please write you rating on the space before each option which corresponds to your best choice in terms of **INFORMATION TECHNOLOGY** in your organization. Kindly use the scoring system below:

<u>Response mode</u>	<u>Rating</u>	<u>Description</u>
Strongly Agree	(4)	Very satisfactory
Agree	(3)	Satisfactory
Disagree	(2)	Fair
Strongly Disagree	(1)	Poor

- ___ 1. Computer systems collect data faster.
- ___ 2. Computer systems are efficient in processing data.
- ___ 3. Computer systems are effective in retrieving and accessing data.
- ___ 4. Computers and systems network communicate efficiently.
- ___ 5. Computer systems share data resources smoothly.
- ___ 6. Mobile banking available.
- ___ 7. Internet banking available.
- ___ 8. Mobile money withdrawal services available.
- ___ 9. ATM withdrawal and deposits available.
- ___ 10. Over-the-counter transaction fast and timely.
- ___ 11. Electronic Funds Transfer (EFT) available.
- ___ 12. System evaluation carried out regularly.
- ___ 13. Similar systems are used across all branches.
- ___ 14. Systems are reliable and efficient.
- ___ 15. Limitation and errors are frequently in the systems.

THE LEVEL OF SUCCESS OF MULTINATIONAL CORPORATION

Please write your rating on the space before each option which corresponds to your best choice in terms of **SUCCESS OF MULTINATIONAL CORPORATIONS** in your organization. Kindly use the scoring system below:

<u>Response mode</u>	<u>Rating</u>	<u>Description</u>
Strongly Agree	(4)	Very satisfactory
Agree	(3)	Satisfactory
Disagree	(2)	Fair
Strongly Disagree	(1)	Poor

Human resource

- ___ 1. Employment done on experience and merit.
- ___ 2. Job training received frequently.

- ____ 3. Job rotation done.
- ____ 4. Achievement recognized on performance.
- ____ 5. Employees are given incentives and attractive packages.

Policies

- ____ 6. I know the organizational chart.
- ____ 7. Work ethics followed religiously.
- ____ 8. Timely delivery of service.
- ____ 9. Employees are sensitized on goals and objectives the company.

Environment

- ____ 10. Bigger market share availability.
- ____ 11. Products promotion.
- ____ 12. Brand awareness
- ____ 13. Advertisement carried out on regular basis.
- ____ 14. Laws that support business activities are in place.
- ____ 15. Society welcomes and appreciate banking services.