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Social capital and internationalization of commercial banks in Kenya

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Purpose – to study sought to delve into social capital and commercial banks' internationalization in Kenya Drawing on the internationalization concept.

Design/Method/Approach. The research adopted a positivist philosophical approach and used a descriptive cross-sectional research design targeting top and middle-level managers in Kenya's commercial banks. Data was collected using a structured questionnaire and analyzed using SPSS version 22.0 for both descriptive and inferential statistics. Structural Equation Modelling was used to establish the influence of social capital on commercial banks' internationalization in Kenya.

Findings. The findings established a significant and positive relationship between the components of social capital: inter-cultural empathy, inter-personal impact and diplomacy, and commercial banks' internationalization.

Practical implications. The results have significant consequences: Firstly, social capital has a positive and statistically significant relationship with commercial banks' internationalization. Secondly, all dimensions of social capital affect the acquisition of foreign market knowledge and financial resources. Thirdly, the use of individuals' social capital often changes during internationalization.

Originality/Value. The study's novelty demonstrates the interaction of commercial banks' managers in Kenya on the application of social capital as an internationalization orientation process.

Research Limitations/Future Research. The research contributes to the advancement of location theory. It opens avenues for future research to establish what extent social capital is beneficial to banks that have ventured into international markets.

Paper type – empirical.

Keywords: social capital; internationalization; inter-cultural empathy; interpersonal impact; diplomacy.

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Соціальний капітал та інтернаціоналізація комерційних банків у Кенії

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Мета роботи – вивчити соціальний капітал та інтернаціоналізацію комерційних банків у Кенії, спираючись на концепцію інтернаціоналізації.

Дизайн/Метод/План дослідження. У дослідженні було застосовано позитивістський філософський підхід та використано описовий дизайн досліджень у поперечному перерізі, націлений на керівників вищого та середнього рівня в комерційних банках Кенії. Дані були зібрані за допомогою структурованої анкети та проаналізовані за допомогою SPSS версії 22.0 як для описової, так і для випадкової статистики. Моделювання структурних рівнянь було використано для встановлення впливу соціального капіталу на інтернаціоналізацію комерційних банків у Кенії.

Результати дослідження. Встановлено значний і позитивний взаємозв'язок між компонентами соціального капіталу: міжкультурною емпатією, міжособистісним впливом та дипломатією та інтернаціоналізацією комерційних банків.

Практичне значення дослідження. Результати мають значні наслідки: По-перше, соціальний капітал має позитивні та статистично значущі взаємозв'язки з інтернаціоналізацією комерційних банків. По-друге, всі виміри соціального капіталу впливають на придбання знань на зовнішньому ринку та фінансових ресурсів. По-третє, використання соціального капіталу індивідів часто змінюється під час інтернаціоналізації.

Оригінальність/Цінність/Наукова новизна дослідження. Новинка дослідження демонструє взаємодію менеджерів комерційних банків у Кенії щодо застосування соціального капіталу як процесу орієнтації на інтернаціоналізацію.

Обмеження досліджень/Перспективи подальших досліджень. Дослідження сприяє вдосконаленню теорії розташування. Це відкриває шляхи для майбутніх досліджень, щоб встановити, наскільки соціальний капітал вигідний банкам, які вийшли на міжнародні ринки.

Тип статті – емпіричний.

Ключові слова: соціальний капітал; інтернаціоналізація; міжкультурна емпатія; міжособистісний вплив; дипломатія.

Социальный капитал и интернационализация коммерческих банков в Кении

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Цель работы – изучить социальный капитал и интернационализацию коммерческих банков в Кении, основываясь на концепции интернационализации.

Дизайн/Метод/План исследования. Использован позитивистский философский подход и описательный кросс-секционный дизайн исследования, ориентированный на руководителей высшего и среднего звена коммерческих банков Кении. Данные были собраны с использованием структурированной анкеты и проанализированы с использованием SPSS версии 22.0 как для описательной, так и для логической статистики. Моделирование структурных уравнений использовалось для определения влияния социального капитала на интернационализацию коммерческих банков в Кении.

Результаты исследования. Результаты установили значительную и позитивную взаимосвязь между компонентами социального капитала: межкультурное сочувствие, межличностное влияние и дипломатия, а также интернационализация коммерческих банков.

Практическое значение исследования. Результаты имеют важные последствия: во-первых, социальный капитал имеет положительную и статистически значимую связь с интернационализацией коммерческих банков. Во-вторых, все измерения социального капитала влияют на приобретение знаний о зарубежных рынках и финансовых ресурсов. В-третьих, использование социального капитала людей часто меняется в процессе интернационализации.

Оригинальность/Ценность/Научная новизна исследования. Новизна исследования демонстрирует взаимодействие менеджеров коммерческих банков Кении по вопросам применения социального капитала как процесса ориентации на интернационализацию.

Ограничения исследований /Перспективы будущих исследований. Исследование способствует развитию теории локации. Это открывает возможности для будущих исследований, чтобы установить, в какой степени социальный капитал приносит пользу банкам, которые вышли на международные рынки.

Тип статьи – эмпирический.

Ключевые слова: социальный капитал; интернационализация; межкультурная эмпатия; межличностное влияние; дипломатия.

1. Introduction

Global mindset enables managers to do business globally and conceive international strategies as they understand international markets and global economic trends (Fatehi & Ghadar, 2014). The importance of an organization's global mindset is not all about being able to do everything, but rather to understand the nuances and complexities of the global environment, the trade-offs, and opportunities as soon as they are available (Miriam, Lisak, Harush, Glikson, Nouri, & Shokef, 2013). The main benefit of a global mindset is its ability to associate speed with an accurate response. The drivers of internationalization not only require resources but also depend on a global mindset (Altbach, 2015). At an organizational level, a global mindset is essential for building trust and commitment within the business' internationalization process. However, it is based on the management's ability to enhance knowledge and communication channels between the parties involved in the network (Mumia, 2014).

There are three critical elements of the global mindset: intellectual capital, psychological capital, and social capital (Maike & Franziska, 2017). However, the focus of this paper is on social capital. Social capital involves the internal and external relationships of a firm, and how individuals can be assured of benefits from being members in social systems (Abd et al., 2014). Social capital consists of structural social capital, relational social capital, and cognitive, social capital (Marthinsen, 2015). Structural capital is considered an asset based on the position an individual occupies in a network and the contacts the individual enjoys and provide him/her with information (Marthinsen, 2015). Global mindset capability requires a manager to adjust their approach in different cultural settings, identify cultural similarities, and respect cultural differences (Ranker & Huang, 2015).

Social capital has three primary attributes; inter-cultural empathy, interpersonal impact, and diplomacy. Inter-cultural empathy focuses on the ability of an organizational manager to connect with employees or stakeholders in an organization (Montero, 2016). Inter-cultural empathy is a reflection of the manager to possess the ability for local and cross-cultural interests, values, and beliefs that have variations from the national culture. It is highlighted by the manager's ability to effectively and emotionally connect with individuals across cultures using understandable non-verbal cues to create this collaboration (Javidan & Walker, 2013).

The focus of interpersonal impact is on the manager's capacity to create active personal and professional networks and connections that act as a competitive advantage. The focus of the interpersonal impact is on the manager's ability to possess cross-border negotiation skills (Maike & Franziska, 2017). Possession of such global-spanning networks reflects the ability of the manager to possess a wide range of cultural experience that creates efficiency in interactions with other employees and organizations.

Further, diplomacy entails the manager's personality-based ability to understand and be understood by others in and outside the organization (Masila, 2019). It reflects the ability of the manager to view with an impression of inculcating inter-cultural empathy and interpersonal impacts in the organizational setup. A manager who possesses the ability to engage in conversations, a holder of multiple points of view, is an agile listener, and can willingly collaborate portrays of high-level diplomatic capability (Javidan & Walker, 2013). The ability to concurrently consider local cultures and markets and global dynamics is a crucial characteristic of a global mindset. The global mindset is a knowledge structure with high differentiation and high integration (Yuhua, 2015). At the corporate level, a strategic global mindset is defined as the aggregated individual global mindset adjusted for the distribution of power and mutual influence among the group (Javidan & Bowen, 2013). The highest returns to investment in cultivating a strategic global mindset emerge from focusing on the senior management level (Story et al., 2014).

Bank internationalization is the process by which a bank gradually increases its international presence (Clapp-Smith & Wernsing, 2014). Many large banks in the world have been struggling towards a new organizational model with their home markets seemingly becoming by-products in a broader strategic vision (Asira, 2013). Banks go abroad to serve their domestic customers who have gone abroad (Maike & Franziska, 2017). The recent trend of bank internationalization is characterized by both financial institutions following their existing relationships and increasingly global banks seeking to widen their activities in the financial markets of the host country, by controlling stakes, acquisition of the majority, or the acquisition of the minority, non-controlling stakes (Yamada, 2016).

Increasingly, Kenya is becoming cosmopolitan to the point that there is a need to recognize that local communities are becoming global. Globalization makes the impact of the local communities more substantial. In the wake of globalization, more than cross-cultural understanding is required to participate fully in business (Chebii, 2015). Consequently, businesses must embrace global cultures and integrate them into consumer lives and other businesses (Astrid, 2014). These could be realized by embracing social capital in terms of network and the contacts to provide information. Commercial banks in Kenya are licensed and regulated by the Companies Act, the Banking Act, the Central Bank of Kenya Act, and the various prudential guidelines issued by the Central Bank of Kenya (CBK). In Kenya, there are forty commercial ones (CBK, 2018).

These banks have significantly increased their presence within the Eastern Africa region through foreign direct investments (Asira, 2013). The advancement in communication technology, the realization of the East African Community (EAC), improved infrastructure in the region, and overall globalization have also contributed towards the trend (Conrad & Meyer, 2018).

2. Theoretical background

2.1. Location theory

This research was grounded on the Location theory proposed by Johann Heinrich von Thunen in 1826. However, the foundation of the modern location theory is traced back to Alfred's Weber's work in 1909 (Nickel & Puerto, 2006). The theory is concerned with the necessity for selecting a geographical location for the sole purpose of enhancing the economic activity. The geographical location is necessary for enhancing the social aspects of an organization's interaction with the communities and the government. The theory states that organizations typically choose a location to minimize their total costs (Harvey, 2017). As suggested by Brown (1989), location theory makes an explanation of the reason why certain economic activities are located in particular regions and environments. Accordingly, the management of organizations selects specific locations for maximization of earnings, while at a personal level, individuals select localities based on the maximization of utilities (McCann & Sheppard, 2003). Organizations with a management that has the clarity of mindset of local knowledge, barriers in trade, aspects of competition, and localization of prices can influence the viability of the organization to venture into an external market (Brown, 1989).

In support of the location theory, Harvey (2017) suggested that the overall operations and performance of organizations such as commercial banks are highly supported by the presence of a centralized location. Centralization of the production system makes it plausible for the management of an organization to enhance coherent and orderly supervision of all the activities aimed at maximizing the production of goods and services. Further, centralization supports the organization in creating mutual relationships with communities and governments that supply labor and market (Nickel & Puerto, 2006). Concerning this research, location theory is relevant in anchoring social capital as an essential component of the internationalization of commercial banks.

2.2. Research question

Kenyan banks are quite sluggish in internationalization efforts, mainly due to various management challenges partly attributed to the absence of a global mindset (Mwangi, 2013). The internationalization strategies for the globalization of commercial banks include social capital as attributes of a global mindset (Rana & Elo, 2017) opine that social capital could influence the success of businesses to internationalize. However, it is not evident whether these practices adopted in other industries can be replicated in Kenya's banking industry.

For instance, a few studies on global mindset and internationalization have focused on global mindset and internationalization among small and medium enterprises (SMEs), (Batas & Liu, 2013; Islam & Van Zijl, 2016; Gota, 2017), while the few that focused on social capital among commercial banks emphasized the influence of social capital on financial performance and not on internationalization (Singh et al., 2016). Most of these studies were also done in other countries with no study conducted in the Kenyan context. It gives evidence of the contextual knowledge gap on the influence of social capital on commercial banks' internationalization in the Kenyan context.

Some studies on social capital and growth of small and medium enterprises done in Kenya (e.g., Okello, 2017) did not provide policy implications on matters of social capital and internationalization in commercial banks. It offers a policy gap, which this research sought to address.

Therefore, this study's central question is the essence of the social capital influence on internationalization of commercial banks in Kenya.

3. Empirical background review

A study was undertaken by Riekmann et al. (2018) on the role of social capital on the internationalization of Small and Medium Enterprises in Germany and China. Specifically, the study undertook an exploration of the related structures dealing with the building of SMEs, maintenance, and usage of the network of resources in Germany and China. The research applied a multi-case study design with a sample of 1,334 SMEs. Online surveys were used in data collection. The findings established that there is a significant role of social capital on the communication and technological context of SMEs in Germany and China.

Lindstrand and Hanell (2017) examined the effect of international and market-specific social capital on firms' internationalization in the USA. The study focused on the development of a theory specifying the international and market-specific social capital that has the chance to increase the exploitation of international opportunities. A descriptive research design was employed with the internationalization process theory and social network theory as theoretical foundations. Data was collected from 239 international SMEs operating in the USA. The findings showed that the tentative effect of international social capital on opportunity exploitation has a mediating effect on market-specific social capital. The study also established that the internationalization process affects social capital development in international business opportunity exploitation.

A study by Masila (2018) investigated the determinants of internationalization strategies employed by elevator industry firms in Kenya to realize competitive advantage. The study adopted a descriptive research design with the study population comprising of twenty firms in the elevator industry in Kenya. Data gathering was through questionnaires that collected both primary and secondary data. Data analysis was conducted through descriptive and inferential statistical methods. The findings established that elevator firms in Kenya used three primary internationalization strategies to achieve competitive advantage; home-based production orientation strategies, contractual-based orientation strategies, and foreign-based orientation strategies. The study

further revealed the presence of a positive and significant association between internationalization strategies used and the achievement of competitive advantage by elevator firms in Kenya.

Another study was undertaken by Cheptarus (2017) assessing the influence of various internationalization models on the performance of airline firms in Kenya. The focus was on discovering the various internationalization methods adopted by Kenyan airlines to establish an association of internationalization and performance. Three theoretical approaches anchored this study; market imperfections theory, eclectic paradigm theory, and transaction cost analysis model. The research design was descriptive design, with a study population of 66 firms in the airline industry and a target population of 66 airlines operating in Kenya. CEOs and senior operation managers of targeted airline firms participated in the study. Data collection was conducted through semi-structured questionnaires. SPSS statistical package was used in data entry and coding with analysis of data employing descriptive and inferential methods. The findings revealed that there is a positive and significant relationship between export strategies of orientation and performance. The findings also established a positive and significant association between investment entry modes and internationalization strategies of airline firms' performance.

Mshighadi (2017) examined the association of corporate governance and the internationalization of commercial banks in Kenya. Three theoretical approaches anchored the study: competitive advantage theory, agency theory, and stewardship theory. A descriptive research design formed the basis of the methodology. The research population comprised of 43 licensed commercial banks in Kenya. A census of all the commercial banks was conducted with questionnaires collecting primary data. Secondary data was gathered through publications and journals relating to corporate governance and the internationalization of commercial banks. Descriptive and inferential statistical approaches were used in data analysis, where quantitative data was analyzed using SPSS version 22. The findings established a positive and significant association between corporate governance and the internationalization of commercial banks in Kenya. Additionally, institutional ownership, board composition, and compensation of commercial banks' CEOs had a positive and significant association with commercial banks' internationalization.

Kagucia (2017) conducted a study on the internationalization and performance of Kenya Commercial Bank. A case study research design was employed to undertake an in-depth analysis of commercial banks' internationalization and the influence on performance. Primary data was collected through interviews of heads of marketing, operations, and business development at the KCB headquarters. Analysis of the collected data was conducted through content, and textual analysis of the information gathered. The results established that the benefits of the internationalization process to KCB included improved regional integration, expansion of business in new markets, and entry of the bank in fresh markets. The findings revealed that the internationalization process improved KCB's performance through increased market share, profitability, and growth in deposits. The various challenges facing commercial banks' internationalization include the inadequacy of internationalization skills, the limited financial base for internationalization, and weak incentives for investment in foreign markets.

A study was carried out by Okello (2017) to establish the effect of social capital on the growth of medium enterprises in Kenya. The study employed a descriptive correlation research design on a population consisting of 142 CEOs. It was found that most medium enterprises prefer network diversity for their employees, leading to increased customer network growth over the years. However, engagements in social organizations do not influence the increase as the growing customer network size had positively influenced sales volumes for the firms.

4. Data and methods

4.1. Research procedures

The questionnaires were administered both electronically and print a hard copy for the convenience of the respondents. The use of mail and questionnaires helped to triangulate the results, thereby giving the research results credibility. The process started with a pilot study, which is a pre-study, conducted to test

the data collection tools. After the pilot study, the tools were checked for validity and reliability.

4.1.1. Reliability test for social capital

The reliability test indicated that social capital had a Cronbach's Alpha score of 0.925. Further analysis indicated a strong influence on each of the eleven questions; hence the items had minimal variance on Cronbach's Alpha if item deleted; 0.908 to 0.925, which is presented in Table 1.

Table 1

Reliability test for social capital*

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q10_1	37.2941	48.721	0.709	0.918
Q10_2	38.4118	43.382	0.873	0.908
Q10_3	38.0588	46.809	0.677	0.919
Q10_4	38.0588	44.809	0.736	0.917
Q10_5	38.3529	47.618	0.627	0.921
Q10_6	38.2353	48.941	0.678	0.919
Q10_7	37.8235	47.779	0.776	0.915
Q10_8	37.7059	48.721	0.668	0.919
Q10_9	37.8235	46.779	0.792	0.913
Q10_10	37.4118	49.382	0.545	0.925
Q10_11	37.2941	50.221	0.644	0.921

*Source: compiled by Authors.

4.1.2. Validity Test

Face validity was used to determine the tool's construct, while factor analysis and Average variance extracted (AVE) were performed to evaluate content validity. Face validity was performed to determine the constructs of the questionnaire. It was done in two approaches. On the first approach, the researcher observed the number of questionnaires filled (19 questionnaires), missing data, the sequence of filled questions, type of questions in the questionnaire, language used, among others. In the second approach, the researcher interacted with the respondents and got feedback on the flow of the questions, their understanding, and comprehension. The outcome was as follows:

Key on the identification of the face validity was the absence of the dependent variable. The researcher identified that the dependent variable was missing, and the few questions capturing the dependent variables were weak. Further, the Average Variance Extracted (AVE) was conducted to evaluate convergent validity. Table 2 indicates that AVE for social capital was above the 0.5 thresholds indicating that the latent constructs account for at least fifty percent of the variance in the items. It indicated that the measurement scales revealed a satisfactory measurement of convergent validity.

Table 2

Convergent validity*

	Composite Reliability (C.R.)	AVE	Verdict
Social capital	0.740	0.636	Acceptable

*Source: compiled by Authors.

4.2. Administration of the instruments

The questionnaires were administered both physically and electronically for the convenience of the respondents. The use of electronic questionnaires helped to triangulate the results, thereby giving the research results credibility. Before this exercise, respondents' consent was established through an introduction letter.

4.3. Data analysis methods

Before data analysis, collected data was cleaned and coded to ease data entry into the SPSS version 22. Analysis of data involved evaluating data using analytical and logical reasoning to examine each component of the data provided. It aimed at discovering useful information, suggesting conclusions, and supporting decision making. Descriptive statistics, through the use of mean, mode, standard deviation, frequencies, and percentages, were used to analyze socio-demographic data. Descriptive statistics involved computing the mean of the statements that reflect on the research questions. A high mean score, higher than the benchmark of 3.5, would imply that there are high levels of agreement among the respondents concerning various research questions. Mean scores between 2.0 and 3.5 would imply that there are average levels of agreement among the respondents. Besides, means score below 2.0 would reveal the existence of below-average levels of consensus among the respondents (Wultz, 2014). Structural Equation Modelling was used to establish the influence of social capital on commercial banks' internationalization in Kenya. Analysis of Moment Structures (AMOS) was also undertaken to construct the model linking social capital and internationalization.

5. Results

5.1. Structural Equation Model for social capital and internationalization

The study's null hypothesis was that social capital has no significant influence on the internationalization of commercial banks in Kenya. To reject or fail to reject the hypothesis, the study conducted regression analysis that provided the R-squared value, path coefficients, and model fit results that determine the relationship between the independent variable (social capital) and the dependent variable (internationalization of commercial banks in Kenya). From the results shown in Fig. 1, the estimated structural equation model indicates that for every magnitude change in social capital, internationalization increases by 0.57 units.

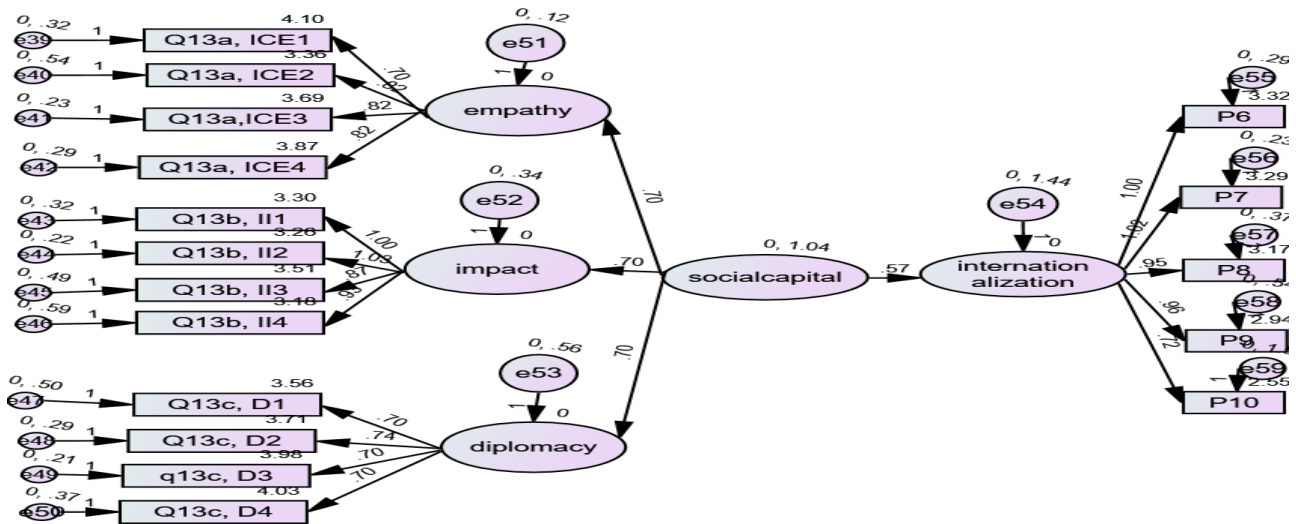


Fig. 1. SEM Model for social capital*

*Source: compiled by Authors.

The model shows that the R-square value was 22 percent, implying that social capital had a significant favorable influence on internationalization and explained 22 percent of the variance in the internationalization ($R^2 = 0.22$) by commercial banks in Kenya. This R^2 value exceeds 10 percent, which is the recommended threshold by *Falk and Miller (1992)* as an indication of substantive explanatory power.

5.2. Path Coefficients for social capital

Table 3 shows the path coefficients for the relationship between social capital and the internationalization of commercial banks. The results show that the relationship between social capital and internationalization was positive and statistically significant ($\beta = 0.66$, $T = 5.26$, $P < 0.05$). Therefore, the study rejects the null hypothesis that social capital has a significant influence on commercial banks' internationalization.

Table 3

Path Coefficients for social capital*

Path			Unstandardized Estimate	Beta	S.E.	C.R.	P**
Intercultural empathy	<---	Social capital	1.85	0.94	0.57	3.99	0.00
Interpersonal impact	<---	Social capital	2.45	0.69	0.63	4.85	0.00
Diplomacy	<---	Social capital	1.17	0.55			
Internationalization	<---	Social capital	1.46	0.66	0.67	5.26	0.05

*Source: compiled by Authors.

**Note: $P < 0.05$, $P < 0.01$, $P < 0.00$.

6. Discussion

This study found out that the relationship between social capital and commercial banks' internationalization was positive and statistically significant. Studies reviewed have demonstrated the importance of social capital in the implementation of an organization's internationalization strategy. In this study, social capital was considered to include diplomacy, intercultural empathy, and interpersonal impact.

In the Kenyan context, support of the findings comes from a study conducted by *Okello (2017)* examining social capital as a factor affecting the growth of organizations, which established that a relationship exists between social capital and expansion, similar to internationalization in the current study. The results of this study strongly suggest relevant practical implications for top managers fostering social capital within the firm and in external relationships. This way, significant benefits are achievable for the bank's knowledge base and international growth. The results support the aspect of the intercultural empathy ability of the manager to possess the connecting ability for local and cross-cultural interests, values, and beliefs that have variations from the national culture with employees or stakeholders in an organization as stipulated by (*Montero, 2016*). The results show that all dimensions of social capital affect the acquisition of foreign market knowledge and financial resources, but the usefulness of individuals' social capital often changes during commercial banks' internationalization.

The findings also correlate with the findings of the study by *Mshighadi (2017)* on an examination of the association of corporate governance and internationalization of commercial banks in Kenya. The findings established the presence of a positive and significant association between corporate governance and the internationalization of commercial banks in Kenya. Features of corporate governance highlighted included institutional ownership, board composition, and compensation of CEOs of commercial banks, and they expressed a positive and significant association with the internationalization of commercial banks. To some extent, these corporate strategies can supplement the social capital aspects such as a passion for diversity, the quest for adventure, and self-assurance in the internationalization process of commercial banks in Kenya.

It is notable from the suggestions by *Montero (2016)* that the presence of social capital and corporate governance attributes in firms have the potential to simultaneously capturing the unfolding internationalization process and the evolving social relationships between managers and other individuals. Possession of diversity and quest for adventure reflects the focus of interpersonal impact as the capacity of the manager to create active personal and professional networks, for cross-border negotiation skills (*Maike & Franziska, 2017*). Possession of such global-spanning networks reflects the ability of the manager to possess a wide range of cultural experience that creates efficiency in interactions with other employees and organizations. However, as much as this study supports the findings of the current study, there are

conceptual differences in that the focus is on corporate governance and internationalization of commercial banks in Kenya. Similar to the results of the current study, *Kagucia (2017)* conducted a study on the internationalization and performance of Kenya Commercial Bank. The findings support the current study to some extent since they established that a significant benefit of the internationalization process to Kenya Commercial Bank (KCB) included improvement in regional integration, expansion of business, and entry of the bank in new markets. As suggested by *Masila (2019)*, these are attributes of diplomacy that reflected on the ability of the manager to possess inter-cultural empathy and interpersonal impacts for expansion, negotiation, and integration of commercial banks in foreign markets.

The integration and expansion attributes are similar to the internationalization process. The findings of *Kagucia (2017)* complement the results by *Lindstrand and Hanell (2017)*, in their study on the effect of international and market-specific social capital on the internationalization process of firms in the USA that found that internationalization process has an effect on social capital development and expansion in international business opportunity exploitation. However, a conceptual gap is revealed since the focus of the study was a case study of one commercial bank with a current study focusing on forty commercial banks in Kenya. Another study with findings correlating to the current study was by *Masila (2018)* that investigated the determinants of internationalization strategies employed by elevator industry firms in Kenya. The findings established that elevator firms in Kenya used three primary internationalization strategies to achieve competitive advantage; home-based production orientation strategies, contractual-based orientation strategies, and foreign-based orientation strategies. The findings on competitive advantage through foreign-based orientation strategies have an internationalization angle. It is due to the basis of focusing on foreign markets, which has an internationalization process. It also integrates the possession of cross-border negotiation skills, global-spanning networks, and cultural experience that creates efficiency in interactions (*Maike & Franziska, 2017*) by managers to enter foreign markets. The findings are comparable to those of a study by *Buckley (2016)*, which sought to document the contribution of internationalization theory to international business through a descriptive study. The findings suggested that the dimensions of social capital are part of the evolution process of organizations. The contextual gap is that the focus was on the determinants of internationalization strategies employed by elevator industry firms in Kenya.

Finally, another study complementing the current study was by *Cheptarus (2017)* assessing the influence of various models of internationalization on the performance of airline firms in Kenya. The findings revealed that there is a positive and significant relationship between export strategies of orientation and performance. By highlighting the importance of export strategies of orientation, the internationalization attempts of airline firms in Kenya are incorporated. The findings also support *Montero's (2016)* view on necessity for possession of inter-cultural empathy by the manager for practical local and cross-cultural interests, values, and beliefs in foreign export markets. The basis of this conclusion is summarized by *Anderson et al. (2013)* with study findings that indicated that for those organizations without sufficient resources, social capital might provide essential resources for their internationalization strategies like export strategies in the current study.

7. Conclusion

The study concluded that the relationship between social capital and the internationalization of commercial banks in Kenya is positive and statistically significant. Therefore, the social attribute that is possessed by managers, whether it is diplomacy, intercultural empathy, or interpersonal impact, significantly determines the success rate of internationalization strategies by commercial banks.

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9. The competing interests

The authors declare that they have no competing interests.

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Appendices

A – Questionnaire

This questionnaire aims to collect information regarding the influence of the global managerial mindset on commercial banks' internationalization in Kenya. Kindly provide the information required by indicating (✓) against each question. The final findings of the study will be availed to interested parties upon request.

THE QUESTIONNAIRE USED THE FOLLOWING TERMS

Global mindset: the mental attitude that determines how individuals will interpret and respond to global situations.

Intellectual capital: The ability to learn, understand information, and gain global knowledge. It includes being global business savvy, cognitive, and being able to analyze information.

Psychological capital: the ability to be open to differences and the ability to change and adapt globally. It includes a passion for diversity, love for adventure, and self-assurance.

Social global capital: the ability to collaborate with other global players. It includes diplomacy, interpersonal impact, and intercultural empathy.

SECTION A: Demographic Information

1. Gender: Male [] Female []
2. Age : Below 20 [] 21-30 [] 31-40 []
41-50 [] Above 50 []
3. Management position:
CEO/Director [] Head of Department []
Senior Manager [] Manager []
4. Does your bank have branches outside Kenya? Yes [] No []
5. If yes, in which regions?
Africa [] Europe [] America []
Middle East/Asia [] Australia [] UK []
6. How big is your branch network in Kenya?
0-30 branches [] 31-60 branches []
61-90 branches [] More than 90 branches []
7. Indicate your bank tier: Tier one [] Tier two [] Tier three []

SECTION B: Intellectual capital on the internationalization

The Table A.1 shows the characteristics of intellectual capital. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5- very large extent, choose the alternative that describes you. To what extent do you agree?

Table A.1

The characteristics of intellectual capital

Structural Capital		Level of agreement				
No.	Statement	1	2	3	4	5
SC1	Have knowledge of the global banking industry					
SC2	Have knowledge of globally competitive business					
SC3	Have knowledge of global marketing strategies					
SC4	Have knowledge of how to transact business internationally					
SC5	Have knowledge of how to assess the risk of doing business internationally					
Relational Capital						
RC1	Have knowledge of culture in different parts of the world					
RC2	Have knowledge of geography, history, economic and political issues of different countries					
RC3	Have knowledge of trending topics of different countries					
RC4	Have up-to-date knowledge of significant world events related to banking					
Human Capital						
HC1	Have the ability to grasp new complex concepts with agility					
HC2	Have strong analytical and problem-solving skills					
HC3	Have the ability to understand abstract ideas					
HC4	Have the ability to explain complex issues simply and understandably					

What has been the most efficient way for you to learn about global business trends? (Please select the most applicable answer)

Academic Learning [] Newspapers [] Internet [] Socialism []

Other

In your view, how can banks capitalize on intellectual capital on internationalization?

SECTION C: Psychological capital on the internationalization

The Table A.2 below shows the characteristics of psychological capital. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5- very large extent, choose the alternative that describes you. To what extent do you agree?

Table A.2

The characteristics of psychological capital

Passion for Diversity		Level of agreement				
		1	2	3	4	5
PD1	Enjoy traveling to other parts of the world					
PD2	Enjoy getting to know people from other parts of the world.					
Quest for Adventure						
QA1	Have an interest in dealing with challenging situations					
QA2	Have a willingness to take risks and test one's abilities					
Self-Assurance						
SA1	Feel energetic during working hours					
SA2	Feel self-confident during strategy meetings abroad					
SA3	Feel comfortable in uncomfortable situations					
SA4	Feel comfortable in tough situations					

In your view, how can banks capitalize on psychological capital on internationalization?

SECTION D: Social capital on the internationalization

The Table A.3 below shows the characteristics of social capital. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5-very large extent, choose the alternative that describes you. To what extent do you agree?

Table A.3

The characteristics of social capital

Inter-Cultural Empathy		Level of Agreement				
		1	2	3	4	5
ICE1	Have the ability to work well with people from other parts of the world					
ICE2	Have the ability to understand nonverbal expressions of people from other cultures					
ICE3	Have the ability to emotionally connect to people from other cultures					
ICE4	Have the ability to engage people from other parts of the world to work together					
<i>Interpersonal Impact</i>						
II1	Have experience in negotiating with other cultures					
II2	Have secure networks with people from other cultures					
II3	Have a reputation as a leader					
II4	Have personal contacts that help in scaling up the bank's global business ventures					
<i>Diplomacy</i>						
D1	Find it easy to start a conversation with a stranger.					
D2	Have the ability to integrate different perspectives					
D3	Have the ability to listen to what others have to say					
D4	Have a willingness to collaborate					

In your view, how can banks capitalize on social capital on internationalization?

SECTION E: Political and legal framework

The table below presents the effects of the political and legal framework on internationalization. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5-very large extent, choose the extent to which you agree with the following statements.

Table A.4

To what extent do you agree?

Political framework		Level of agreement				
		1	2	3	4	5
PF1	Unstable local legal environment present a risk in the internationalization process					
PF2	An unstable foreign legal environment presents a risk in the internationalization process.					
PF3	The legal environment influence government policies on business going international.					
PF4	The harsh political framework affects the internationalization of business.					
PF5	The political framework of a country influences the extent to which banks go international.					
<i>Legal framework</i>						
LF1	Tighter restrictions in capital regulations are attributed to a reduction in lending from other countries.					
LF2	The regulatory framework creates high risks for the internationalization of organizations.					
LF3	The legal framework on a country influences the extent to which banks go international.					
LF4	The government subsidies on business affect the internationalization of banks.					
LF5	The currency control by the government affects the internationalization of banks.					
LF6	The framework on the bank tariffs affects the internationalization of banks.					

In your view, how can banks capitalize on the political and legal framework on internationalization?

SECTION F: Joint effect on internationalization

The table below presents the joint effect of social capital, psychological capital, and intellectual capital on internationalization. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5-very large extent, choose the extent to which you agree with the following statements.

Table A.5

The joint effect of social capital, psychological capital, and intellectual capital on internationalization

Effect on internationalization		Level of agreement				
		1	2	3	4	5
JE1	Through social networking with customers, companies develop intellectual capital					
JE2	The development of social capital has significantly affected factors that shape evolution, intellectual and psychological relationships.					
JE3	Value is created when social capital is aligned with intellectual capital and psychological capital.					
JE4	Social, intellectual and psychological networks are essential for commercial banks seeking to invest abroad					
JE5	Intellectual capital as an asset can be deployed in the creation of social and psychological capital required in internationalization.					
JE6	Building social capital, intellectual capital, and psychological capital in the unknown market may not be natural, even for experienced commercial banks.					
JE7	Intellectual capital has a significant impact on social and psychological capital and has a significant influence on commercial banks' internationalization.					
JE8	Psychological capital is a crucial ingredient of Commercial banks growth for the production of social and intellectual capital					

SECTION G: Performance on internationalization

The Table A.6 below presents the performance of banks. On a scale of 1-5, where: 1- not at all, 2- small extent, 3- moderate extent, 4- large extent, 5-very large extent, choose the extent to which you agree with the following statements.

The performance of banks**Table A.6**

Statements		Level of agreement				
		1	2	3	4	5
P1	We have a correspondence banking relationship with other banks outside Kenya.					
P2	Internationalization has enabled our bank to diversify its risk portfolio.					
P3	We have license agreements with other banks outside Kenya.					
P4	Our bank provides a range of products in other countries.					
P5	Our bank provides a range of services in other countries.					
P6	Our international presence has contributed substantial profits to the group bank.					
P7	Our international presence has improved on our bank asset base.					
P8	In the last three years, our services in international presence have grown					
P9	Our bank has an adequate physical presence in other countries.					
P10	In the last three years, our bank has acquired other banks in the international market.					

Thank you for your responses!

APPENDIX B – Commercial banks in Kenya by tier classification**Classification of commercial banks in Kenya****Table B.1**

N	TIER 1: Large banks (Weighted market share index (WMSI) > 5%)	number of banks	N	TIER 2: Medium banks - WMSI between 1% & 5%	number of banks	N	TIER 3 - Small banks WMSI < 1%	number of banks
1	Kenya Commercial Bank		9	I&M Bank				
2	Equity Bank		10	NIC Bank**		20	G.T. Bank	
3	Co-operative Bank of Kenya		11	Citibank		21	Gulf African Bank	
4	Standard Chartered Bank		12	Bank of Baroda		22	Victoria Commercial Bank	
5	Diamond Trust Bank		13	National Bank of Kenya		23	ABC Bank	
6	Barclays Bank of Kenya		14	Prime Bank		24	Sidian Bank	
7	Commercial Bank of Africa*		15	Family Bank Limited		25	Habib A.G.Zurich	
8	Stanbic Bank		16	Housing Finance Company of Kenya		26	Guardian Bank	
	Total - Large Tier banks	8	17	Bank of India		27	First Community Bank	
			18	EcoBank		28	Credit Bank	
			19	Bank Of Africa Kenya Ltd	11	29	Development Bank of Kenya	
				Total - Medium Tier banks		30	Jamii Bora Bank	
						31	M-Oriental Bank Limited	
						32	Trans-National Bank	
						33	Consolidated Bank of Kenya	
						34	Paramount Universal Bank	
						35	SBM Bank	
						36	Spire Bank	
						37	United Bank for Africa	
						38	Middle East Bank	
						39	Mayfair Bank	
						40	Dubai Islamic Bank	
							Total - Small Tier banks	21

*Source: compiled by Authors based on Kenya Bankers Association (<http://www.kba.co.ke/overview/kba-members>).

**Note: Commercial Bank of Africa & NIC Bank now merged to form NCBA Bank (Sep, 2019).



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