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FIRM RESOURCES, REGULATORY FRAMEWORK, AND INTERNATIONALIZATION OF MEDIUM-SIZED EXPORT PROCESSING ZONE COMPANIES IN KENYA

[1]John Kipchumba Tanui, [2]Ogutu Martin, [3]Yabs John, [4]Magutu P. Obara

[1]PhD Candidate, Faculty of Business and Management Science, University of Nairobi - *tanuijohn@gmail.com*
[2, 3, 4]Faculty of Business and Management Science, University of Nairobi.

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Abstract

Business opportunities globally are rapidly increasing the establishment of new emerging markets which poses challenges of internationalization to Medium-Sized Enterprises (MSEs), The MSEs has less experience as compared to Multi-National Corporations (MNCs), and thus must consider a different internationalization growth paths. The interest towards internationalization of MSEs and their activities has grown mainly in those nations that are experiencing deficits in the balance of payment thus creating the need to boost the international vitality of MSEs with aim to be multinational establishments in the future. Internationalization can be used as a platform, however it is a risky venture that can result into huge losses that may affect the firm's long-term survival. Internationalization thus requires more resources for mitigation. The research objective was to determine the effect of regulatory framework on the relationship between firm resources and internationalization of medium-sized export processing zone companies in Kenya. The study used a descriptive cross sectional study design. The research population comprised of 104 companies in the Export Processing Zones (EPZs). The study employed a census where the whole population was studied. The research targeted key decision makers; like the CEOs, founders, or senior managers. Primary data collected via a closed ended questionnaire utilizing a five-point likert scale was used. The current research was a cross-sectional study. The research used both descriptive and inferential statistics including multiple and hierarchical linear regression analyses. The study findings enumerated that regulatory framework has a significant moderating effect on the relationship between firm resources and firm internationalization.

Key words: *Firm Internationalization, Firms Resources, Regulatory Framework, Medium-Sized Firms, Export Processing Zone.*

Introduction

Business opportunities globally are rapidly increasing the establishment of new emerging markets which poses challenges of internationalization to Medium-Sized Enterprises (MSEs), MSEs must take into account alternative internationalization growth paths because they have less experience than Multi-National Corporations (MNCs) do (Tsang, 2002). Internationalization can be used as a platform, however it is a risky venture that can result into huge losses that may affect the firm's long-term survival. Internationalization thus requires more resources for mitigation (Bianchi & Ostale, 2006). According to Lu et al. (2010), companies operating in growing economies experience more uncertainty when faced with changes in the external environment than their counterparts in the developed economies as a result of limited capabilities and lack of resources. This means that they need to be more flexible and innovative so as to improve their performance (O'Cass & Weerawardena, 2009).

Particularly in those countries with balance of payments deficits, where there is a desire to increase international vibrancy, there has been an increase in interest in MSEs and their activities being internationalized MSEs with aim to be multinational establishments in the future (Ruzzier, Hisrich & Antoncic, 2006). International trade has enormously contributed to Kenya's economic growth and also that of the entire East African Community (East African Community Report, 2009). The growth in the volume of exports is slower than the imports, in 2012 Kenya's imports grew by 12.5% while exports grew by 4.7%. Kenya largely exports low-value primary exports while importing high value non-food industrial supplies contributing to the deficits in balance of payment.

The internationalization of medium sized firms in Kenya is still very low and a majority of those that internationalize have less than 20% foreign sales as proportion of total sales (Top 100 special issue, 2012). Worthington (2003) argues that in the current highly competitive market companies are entering foreign countries to gain advantages from their competitors, reduce cost and boosting demand.

Firm resources are those inputs available for its use; it includes both tangible and intangible resources. The resources include financial or physical assets, organization processes and capabilities, human resources, firm attributes, information, knowledge that can be traded such as patents and licenses, among other things (Barney, 1991).

The firm may own and/or control the resources. Sui and Baum (2014) demonstrate that firm slack and innovation resources support the firm's survival in the export market. The acquisition of adequate resources during internationalization is fundamental for survival in international market. Firms must therefore establish whether their resource base is suitable for the anticipated internationalization strategy. MSEs Managers should avoid rushing into hasty internationalization but rather select the internationalization strategy that is inclined with the companies' resource building capabilities (Sui & Baum, 2014).

Access to resources gives a firm the competitive advantages that can enable a firm to perform better than others, it can also enable a firm to have firm-specific capabilities. The strategic value of the capabilities and firm resources increases with an increase in some key characteristics such as difficulty to imitate (Sui & Baum, 2014). There is need to further explore this perspective if it is specific to developed economies or also applicable to emerging economies. Firms from emerging economies may have varying strengths with regard to handling the challenges of sustenance of their international activities.

In contrast to the international conflict with large corporations and multinationals, internationalization brings about a confrontation with diverse surroundings, cultures, and institutional norms, requiring more financial and human resources from MSEs (Sui & Baum, 2014).The physical resources includes raw materials, physical technology, plant and equipment, and its geographic location. The human resources include relationships, training, intelligence, judgment, experience and know-how of the staff. Organization resources include the formal reporting structure of the firm, its informal and formal planning, system control and coordination systems, as well relationships. The financial resources include the retained earnings and the various sources of capital available to a firm (Sui & Baum, 2014). The resources that were utilized in the study included; physical resources, human resources, organization resources, and financial resources.

A regulatory framework may have different definitions, but it is commonly related to tax information, regulations and other pertinent information such as relevant laws, rules and regulatory bodies (Cateora & Graham, 2011). Regulatory frameworks are vital tools for new business start-ups' since these frameworks stipulate the measures of burden new enterprises must adhere to when they establish their enterprises over the lifetime of the business growth including internationalization (Skousen, 2011). The regulatory framework can be categorized as home, host, and global environments (Geringer, 2012).

Every country's government is in charge of putting in place the regulatory frameworks, practices, and policies that control how business is conducted within its borders. Political and legal environments are inextricably linked since laws serve as a barometer for the nation's political systems (Kotable, 2011). Marketing, anti-trust, and foreign corrupt practice laws are the three categories of laws, according to Graham and Cateora (2011), that have an impact on how businesses operate both domestically and abroad. Marketing laws govern all aspects of marketing, including product development, price, promotion, and distribution.. Product constitutes aspects such as local content requirements, health and safety, buy-national restrictions, quantity limits, administrative policies, packaging requirements, tariff barriers, anti-dumping policies protection of intellectual property, and promotion policies.

A product might have to be modified several times to meet the markets' physical and mandatory requirements (Cateora, & Graham, 2011). It should be understood that ISO 9000 not only focuses on the standardized systems and procedures but the entire set of firm activities. These activities include quality systems, management responsibility, design control, contract reviews, purchasing, document control, non-conforming products and appropriate corrective actions, product identification and tracking, handling and storage, packaging, delivery, internal quality audits, record keeping, training, and servicing (Kotab & Helsen, 2011). Thus, regulatory framework consists of such aspects such as; taxation, ease of doing business, labor laws, export certification, marketing laws, product development laws, and product standardization and certification.

Internationalization is the process in which firms international involvement is gradually increased to maximize firm size, increasing their market share, increase their profitability and become industry leaders, while exploiting new markets both locally and globally (Baum, Schwens & Kabst, 2015). Cardoza and Fornes (2011) describe transnational corporations (TNCs) as "firms that have the authority to coordinate and control operations in more than one country, even if it does not own them". MNCs are defined as “companies that have their headquarters in one country but having operations in other countries”. MNCs and TNCs mainly apply the expansion strategies of internationalization (Hitt, Bierman, Uhlenbruck & Shimizu, 2006)

For many companies throughout the world, internationalization is a crucial component of their business plans (Melin, 1992). Over the past few decades, Medium Enterprises (MEs) have increased their activity in foreign markets (Rutashobya & Jaesson, 2004; Loane & Bell, 2006). The internationalization of MSEs has been greatly aided by globalization, particularly as a result of the removal of trade restrictions established by various countries throughout the world, as well as decreased transportation costs and advancements in ICT (Oehme & Bort, 2015). The necessity for MSEs to internationalize their operations has grown quickly in countries with payment deficits, necessitating the expansion of the global reach of SMEs with the potential to become multinational corporations in the future (Ruzzier, Hisrich & Antoncic, 2005).

Firm internalization can be looked at in the following three measures: firm size, foreign market share, and foreign market sales revenue. Other metrics include the ratio of assets invested in foreign jurisdictions to total firm assets, which shows the number of international activities; percentage of foreign sales to total sales, which identifies the number of international activities. level of internationalizations in terms of value invested in foreign jurisdictions and physical presence in foreign markets, and finally the number of foreign subsidiaries which maps the firms commitment to foreign markets. Firm internationalization will be measured by change in the firm size, foreign market share, and foreign market sales revenue. The indicators were utilized because according to Baum, Schwens, and Kabst (2015), internationalization is the process in which firms international involvement is gradually increased to maximize firm size, increasing their market share, increase their profitability and become industry leaders, while exploiting new markets both locally and globally.

Medium-Sized Businesses (MBs) and Medium-Sized Enterprises (MSEs) are companies with less than a particular number of employees. MSEs, according to the Organisation for Economic Co-operation and Development (OECD), are independent, non-subsidiary businesses whose staff is below a particular threshold. But the figures differ between countries. The Kenya National Bureau of Statistics (KNBS) adopted an official definition of MSMSEs in Kenya that is also based on employment size. Small businesses employ between 10 and 49 people, MSEs employ between 50 and 99 people, and micro enterprises employ fewer than 10.

Medium-sized export processing zone companies in Kenya are exploring business opportunities in foreign markets due to globalization of economy and heightened domestic competition (Loane & Bell, 2006). For medium-sized export processing zone companies in Kenya to sustain their competitiveness and meet the challenges and opportunities posed by emergence of trading blocs they must look for new ways to sustain competitiveness, this starts with internationalizing its own operations. It is thus crucial to articulate the factors that influence internationalization (Zahra, 2005). Internationalization and a global strategy enables firms leverage on the cross-border activities and strengthen its competitiveness. MSEs are critical in economic growth including creating employment, wealth and making a strong means for economic transformation (Dikova, Jaklic, Burger, & Kuncic, 2016).

Medium-sized export processing zone businesses in Kenya are essential to the country's economic growth. According to Ayyagari, Demirguc-Kunt, and Maksimovic (2011), these organizations in both developed and emerging economies contribute an average of 60% of the formal employment in the manufacturing sector. Despite the significance of Kenya's rapidly expanding medium-sized export processing zone businesses, in-depth research on the influence of the regulatory environment and regulatory framework on the internationalization of MSEs in Kenya has not been done. Therefore, the goal of this research is to close this gap by examining how industry characteristics and the regulatory environment affect the relationship between business resources and firm internationalization.

Research Problem

Internationalization has greatly evolved in the last three decades (Baum, Schwens & Kabst, 2015). International business has been dominated by large MNCs, however globalization, combined with growing ICT is expanding the role of international business in promoting the growth of medium-sized export processing zone companies in Kenya (Deb & Wiklund, 2017). In the OECD countries, MSEs are the main form of business, accounting for nearly 99% of all entities, making the chief employer. The MSEs create up to about 70% of employment (OECD, 2016). In most emerging economies, MSEs in general account for up to 45% of total employment and 33% of GDP. Factoring the informal entities, MSEs account for over half of GDP and employment in most nations (IFC, 2010). MSEs Internationalization experience can be described as the degree to which it has been engaged in cross-border business activities (Ge, & Wang 2013).

Due to the opening up of numerous quickly expanding new markets, business opportunities are expanding globally more quickly than ever before. However, these expanding markets provide internationalization difficulties for MSEs, who have undergone less internationalization than multinational organizations, forcing the inexperienced SMSEs to pursue alternative foreign avenues (Ge, & Wang 2013). According to Worthington (2003), corporations choose to enter foreign markets in the contemporary, fiercely competitive and dynamic marketplaces in order to acquire a competitive advantage over their rivals. This can be done either by increasing demand or by lowering costs.

Kenya's economy and those of the other countries in the East Africa region have both benefited greatly from international trade (East African Community, 2009). However, Kenya's exports of products and services have grown more slowly than its imports.. For example in the year 2012, imports grew by 12.5% while exports of goods and services grew by 4.7. For a long time, Kenya has been dependent on low value primary exports while importing high value capital equipment and non-industrial supplies such as lubricants and furl contributing to significant balance of payment. The internationalization of medium sized firms in Kenya is very low and a majority of those that internationalize only do less than 20% foreign sales as proportion of total sales (Top 100 special issue, 2012). Worthington (2003), argues that in the current highly competitive markets the firms are contemplating to enter foreign markets to gain advantages from their competitors as a strategy to either reduce costs or boost demand.

Chetty and Campbell-(2014) Hunt's study of businesses in New Zealand and Australia revealed that high-tech manufacturing companies effectively and efficiently managed cross-border operations by utilizing the most recent advancements in technology and communication. This allowed them to produce complex and one-of-a-kind parts more quickly and affordably. According to a study by John (2008), laws and regulations safeguard investors and enable them to quickly resolve business-related issues, which are essential for the establishment and survival of businesses because they promote investment, aid viable firms in recovering in the event of insolvency, and facilitate efficient business operations. According to a research by Javalgi and Ramsey (2001), the infrastructures of commerce and law, which include legal services, banking, and. Chetty and Campbell-(2014) Hunt's study of businesses in New Zealand and Australia revealed that high-tech manufacturers were able to handle cross-border operations successfully and efficiently by utilizing the most recent advancements in technology and communication. The adoption of information technology and the removal of various structural barriers are both facilitated by the commerce and legal infrastructures, which include legal services, banking and financial networks, as well as currencies and clearing systems, according to a study by Javalgi and Ramsey (2001). These studies reveal a contextual gap because they were not carried out in the Kenyan context. The studies also revealed a knowledge gap because they did not give in-depth analysis on the manner in which the regulatory framework affects the association between firm resources and the internationalization of medium-sized export processing zone companies in Kenya.

A study by Guracha (2008) examined the impact of political risk aspects on internationalization practices of firms that export horticultural products in Nairobi, Kenya. Ekai (2010) explored the challenges of internationalization of medium-sized export processing zone companies in Kenya while Korir (2009) examined internalization strategies employed by MSEs in Kenya. A study by Waudo (2005) examined the factors affecting the process of internationalization by Kenyan companies in the plastic manufacturing companies in Nairobi, Kenya as Awour (2006) studied MSEs' manufacturing strategies in the food processing industries in Nairobi, Kenya. There is a knowledge gap presented in the studies as they failed to provide a comprehensive analysis on how the regulatory framework influences the relationship between firm resources and internationalization of medium-sized export processing zone companies in Kenya.

Freeman, Schroeder and Edwards (2006) quoted lack of resources, risk aversion, lack of economies of scale, knowledge and inadequate finances as the major challenges for recently internationalization entities. Despite the rapid growth of small and new enterprises penetrating into the foreign markets few studies have been done on internationalization strategies of such entities from emerging economies (Yamakawa, 2008). Locally, Korir (2009) looked into the internationalization strategies by MSEs and Ekai (2010) investigated the impediments to the internationalization of MSEs in Kenya. On the other hand, Waudo (2005) looked into the factors affecting the Kenyan enterprises from internationalizing in plastics manufacturing sector in Nairobi, Kenya.

From the aforementioned, there is need for further studies to be done on internationalization of Kenyan MSEs. Fast growing MSEs in Kenya play a key role in the nation's economic development just like small sized companies. However, statistical data particularly on the strategic options of these medium-sized export processing zone companies in Kenya has remained scanty despite the vital role they are playing.

This creates a contextual gap because there are few studies that have focused especially on medium-sized export processing zone enterprises in Kenya. There is a knowledge vacuum on the regulatory framework's ability to moderate the relationship between firm factors and firm internationalization in medium-sized export processing zone enterprises in Kenya. This is so that the relationship between company resources and firm internationalization may be examined without excluding the regulatory framework as moderating variables, which is what none of the global and local research evaluated have done. Therefore, this presents a conceptual gap.

Literature Review

Internationalization Process Theory

The internationalization process theory is the There aren't many studies that have concentrated specifically on medium-sized export processing zone firms in Kenya, which leaves a contextual gap. Regarding the capacity of Kenya's medium-sized export processing zone firms to internationalize, little is known about the regulatory framework's ability to control the relationship between firm factors and firm internationalization. This is done in order to assess the relationship between corporate resources and firm internationalization without taking the regulatory environment out of the equation as a moderating factor, which none of the global and local studies we reviewed have done. This thereby creates a conceptual gap. Secondly, firms enter new markets via exports, it is unlikely for companies to penetrate into new markets with manufacturing subsidiaries or sales organizations of their own. Majority or wholly owned operations are only realized after many years of exports to a specific market (Brewer, 2007).

Due to the lack of research specifically focusing on medium-sized export processing zone firms in Kenya, there is a contextual vacuum as a result. In Kenya's medium-sized export processing zone firms, there is a lack of understanding regarding the regulatory framework's capacity to control the relationship between firm factors and firm internationalization. This is so that the regulatory environment may be included as a moderating variable, which none of the global and local research analyzed has done, and the relationship between corporate resources and firm internationalization can be investigated. There is a conceptual gap as a result of this.

Some scholars describe this and other related models as static as they fail to predict the firm's dynamic internationalization patterns (Oviatt & McDougall, 1999). Additionally, these models do not when and how the processes of internationalization occurs, as they just explain what drives the firm's activities in an ongoing internationalization process (Leonidou & Katsikeas, 1996). Further, most SMEs do not graduate into larger firms; thus the stages models have limited explanations for these companies (Moen & Servais, 2002).

The internalization theory links to this study since a domestic firm obtains and grows all the essential resources for its export business internally and not through collaboration and partnerships with other actors, which is, not through networking. The theory contends that MSEs export behaviour is influenced internally and that any external influence is insignificant. Consequently, it is the internal factors, which determine the firm's entry mode into the foreign market, the choice of the foreign market and the time to enter the foreign market (Brewer, 2007). The current study will analyse the effect of regulatory framework on the relationship between firm resources and internationalization of medium sized firms. Regulatory framework and firm resources are internal factors.

Firm Resources, Regulatory Framework, and Firm Internationalization

Variables including disclosure requirements, the rule of law, and shareholder privileges like minority shareholders are used to measure the relationship between laws and regulations risk taking, protecting investors, and economic growth. Economies with well-structured legal environments expand faster, which corresponds to higher outputs, according to an assessment of the efficacy of the legal environment as estimated by aggregate, higher matters for economic growth, innovation, and productivity (World Bank Group, 2014).

According to Geringer (2012), a variety of domestic and international laws regulate the activities of multinational corporations. The legal environment is further divided into a local, regional, and global environment. The domestic environment dictates that a company must abide by domestic legal requirements. Laws on product exportation and those prohibiting the admission of particular items into these countries are among them (Gactaern, 2010). It includes administrative law as well, which refers to laws that are related to guidelines set forth by any of the several departments and agencies to carry out local or federal law.

The second section is dedicated to statutory law. These are laws that the legislative branch of government has passed (Karen, 2010). The Company must also follow all applicable regulations in the host country, including those pertaining to taxation, environmental protection, and labour practices. The host nations should create legislation to control the movement of products and services within and beyond their borders. Trade Agreements, which govern international trade, Investment Treaties, which control cross-border direct investment, and Multilateral Trade Agreements, which set international trade standards, are some examples (Gactaern, 2010). Most nations that are competing with one another and seeking their own self-interest adhere to the established rules that are internationally viable. These regulations will offer the highest level of protection for property rights (Joseph, 2007).

Laws and regulations protect investors and allow them to swiftly resolve business related issues that are vital for the creation and survival of businesses since they encourage investment, help viable firms recover in case of insolvency and facilitate smooth business operations (John, Litov, & Yueng, 2008). The commerce and legal infrastructures, constituting legal services, banking and financial networks as well as currencies and clearing systems, play a crucial role in the reduction of different structural barriers and adoption of information technology (Javalgi & Ramsey, 2001).

Jafari, Biancone, and Giacoma (2018) conducted a study on how export compliance influence the internationalization of firms. The study conducted a critical empirical literature review of previous literature on the study area. The study findings established that revealed that the consequence of non-compliance is the restriction of firms' international activities. The study concluded that export compliance regulations' restrict firms for their global business activities but create a safety level that prevents the potential conflicts between individuals, organizations, and nations.

In order to comply with export regulations, risk management was studied by Biancone and Jafari in 2016. This study's methodology uses an inductive approach to analysis that is documented. A comprehensive empirical literature review of earlier studies in the field was done for the study. The study's conclusion was that export compliance reduces the danger of hindering the operations of globally integrated firms. The study came to the conclusion that in order to improve their worldwide activities, internationalized firms need to comply with the export compliance law.

In a study they did in 2014, Coeurderoy and Murray focused on the choice of location and the regulatory environment. This study's methodology uses an inductive approach to analysis that is documented. A comprehensive empirical literature review of earlier studies in the field was done for the study. According to the study's findings, the features of the industry and the firm have a greater impact on the speed of internationalization than the foreign regulatory system.

Investigating the moderating impact of the regulatory framework on the company resources and firm internationalization connection is necessary in light of these contradictory and diverse findings. According to the study's hypotheses:

H_{A1}: The link between company resources and internationalization of medium-sized export processing zone enterprises in Kenya is significantly moderated by the regulatory framework.

Research Methodology

Phenomenology and positivism exist as two philosophical methodologies shaping the establishment of information whereupon presumptions and inclinations of an examination are based. While positivism adopts quantitative strategy, the phenomenological approach is predominantly subjective (Cooper & Schindler, 2006). Positivistic approach assumes that information normally exist in view of genuine actualities, objectivity, lack of bias, estimation and legitimacy of results. Positivism is founded on the perceptions and analyses in view of existing hypothesis that can be communicated numerically. The positivism quantitative viewpoint which opines that there exists a target reality that could be communicated numerically, with informative and prescient power (Furrer., 2007).

Phenomenology contends that knowledge is dependent on the experience from a person's view and only focuses on personal knowledge, individual interpretations and immediate experiences (Saunders & Thornhill 2007). It begins from the perspective of compatibility and coexistence of alternative frameworks (Gay, 2011). The positivism research philosophy was suitable for this study. It entails the examination of theoretical underpinnings in the layout of internationalization of medium-size firms and its determinants. It seeks to collect data for ascertaining exact re-certifications of hypothesis.

Positivism offers theoretical explanations and presents reliable factual information that is "scientific." Theories offer a framework based on arguments and descriptions. Positive thinkers believe that reality is constant and characterized from a position without bias, according to Levin (1988). The phenomenon being examined should also be isolated, and observations should be verified. To identify uniformities and build correlations among crucial elements of the social biosphere, reality is frequently modified using different independent variables.

The descriptive cross-sectional research design was employed for this study. According to Babbie (2012), the cross-sectional design entails making observations from the sample or population at a snapshot. The design allows use of quantitative analytical tools to ascertain the existing relationships among the variables (Leedy, 2001). The design adopted enabled the investigator to incorporate in-depth interviews, literature, pilot and execution of the study as the key steps for gathering data.

According to Creswell (2013), the use this technique may gather less biased and accurate data. The application of this design permits the investigator to include more variables in the study than is practically possible in field or laboratory experiments, while collecting data related to the real world environments. Quantitative data was collected using an interviewer-administered questionnaire. The design enabled the researcher understand the direction of the relationship among the study variables so as ascertain the associations among the research variables.

This research was limited to medium-sized export processing zone companies in Kenya, it explored the factors limiting their growth in terms of internationalization. The study examined different factors of regulatory framework, regulatory framework, firm resources and firm internationalization in medium-sized export processing zone companies in Kenya. The survey adopted the descriptive research design.

The scope was a census, and the time span was cross-sectional. Both descriptive and inferential statistics were used to analyze the quantitative data. The EPZ sector of the economy served as the unit of analysis in a field setting. This study, which was geographically conducted in Kenya, looked at the country's medium-sized export processing zone businesses.

All of Kenya's internationalized medium-sized businesses made up the study's population. However, data on all medium-sized businesses in Kenya that have internationalized was not available, making it necessary to concentrate on a particular industry or group of businesses as the target population where the information is available. This study focused on the 104 enterprises in the Export Processing Zones' main decision-makers (CEOs, founders, or senior managers) (EPZs). Kenya has designated certain areas as export processing zones (EPZs), which work to encourage and facilitate export-oriented investments and create an environment that supports them. The Export Processing Zones Authority oversees and promotes these zones. (www.epzakenya.com).

The respondents were one key decision maker in each of these firms. The rationale for the choice of the medium-sized export processing zone companies in Kenya was because of the availability of the information, it is difficult to obtain readily available data on medium sized internationalized Kenya firms. The list of the medium-sized export processing zone companies in Kenya firms was obtained from the Export Processing zones Authority website which contains a directory of the companies in the over 40 gazetted zones. This list was the most appropriate because the firms are classified under the various sectors. The study entailed a census survey of the whole population, hence no sample was derived because the analyzing the population was not subject to time and financial constraints.

Kothari (2004) claims that a self-administered questionnaire is a systematic method of extracting people's values, beliefs, attitudes, and opinions. The researcher created questionnaires to gather data. The information that was gathered was both quantitative and primary. The data collection was done by use of a questionnaire utilizing likert scale. The questionnaires were issued to the founders, the CEOs and the senior managers. Questionnaires were designed systematically and objectively to interrogate various aspects of the current study's research objective. The questionnaire contained the following sections: Section A dwelt on general information and demographic data pertaining the study's respondents, section B was on questions on the firm resources, section C was on questions regarding regulatory framework, section D pertained to questions about regulatory framework, while section e entailed questions on firm internationalization.

To enable for more specific recommendations, the study used closed-ended questions to collect organized responses. Close-ended questions were used to rate several traits, minimizing repetition and allowing for a wider range of responses. Using the physical addresses or phone numbers listed in the data base, the responders were contacted. To improve the response rate, trained research assistants were employed to distribute the surveys to the respondents. In addition, the respondents received a letter of introduction from the university assuring them that the study was conducted objectively.

Table I Operationalization of Study Variables

Variable	**Nature of Variable**	**Operational indicators**	**Measurement scale**	**Measurement and analysis**
Firm internationalization	Dependent Variable	Firm size, foreign market share, foreign market sales revenue	Likert-type scale (Ordinal Scale)	Descriptive inferential statistics
Firm resources	Independent Variables	Physical resource, human resource, organization resource, financial resource	Likert-type scale (Ordinal Scale)	Descriptive inferential statistics
Regulatory framework	Moderating variable	Taxation, ease of doing business, labor laws, export certification, marketing laws, product development laws, product, standardization	Likert-type scale (Ordinal Scale)	Descriptive inferential statistics

Variable	Nature of Variable	Operational indicators	Measurement scale	Measurement and analysis
		and certification		

Source: Researcher (2021)

Version 25 of the computer program SPSS was used for data analysis. Data gathered from Medium-Sized companies in Kenya were analysed using both inferential and descriptive statistics. To summarize the demographic characteristics of the organizations and the respondents, descriptive statistics comprising percentages, mean scores, frequency distribution, cross tabulation, and standard deviation were computed. Utilizing inferential statistics, the relationships between the study variables and the testing of the hypothesis will be determined.

The goodness of fit among the different models was established using the coefficient of determination (R^2). A hierarchical linear regression analysis was used to test the study hypothesis. The level of significance was <0.05 at 95% confidence interval. Thus, the moderating effects of industry characteristics was measured by hierarchical linear regression analysis.

Descriptive Statistics for Regulatory Framework

To show how the regulatory framework manifested itself in the respondent firms, it was operationalized along seven dimensions. These included taxation, product certification and standardization, ease of doing business, labour laws, export certification, marketing regulations, and laws and standards governing product development. The characteristics of the main variables Participants in the study evaluated the regulatory framework in the EPZ businesses in Kenya. the characteristics of the key indicators of Kenya's EPZ enterprises' regulatory framework.

A 5-point Likert scale was used to evaluate the degree to which the EPZ firms displayed the various regulatory framework dimensions in order to measure the various regulatory framework variables. 1 meant severely disagree, 2 meant disagree, 3 meant neither disagree nor agree, 4 meant agree, and 5 meant highly agree. The mean, standard deviation, and one sample t-test were then used to determine the degree of manifestation. The t-values showed the variance from the mid-magnitude point's and direction.

The p value of each question is specified by the significance level. In order to anticipate the association between the variables, this was considered significant if the p value was equal to or less than the threshold of 0.05 (p 0.05) and not significant if the threshold was exceeded ($p > 0.05$).

Tax

The results of Tax, an aspect of regulatory framework, are presented in Table II.

Table II Tax Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
There is a reduction or exemption of custom tariffs at the home country	76	2.4474	1.26907	16.812	75	.000	Disagree
There is relaxation of barriers to investment and the services of your firm	76	2.3684	1.37445	15.022	75	.000	Disagree
General custom tariffs at export are low at the home country	76	2.1579	1.26547	14.866	75	.000	Disagree
Composite Mean		2.3246					Disagree

Source: Researcher (2021)

Table II shows that medium-sized EPZ businesses disagree that general export customs taxes are low in the nation of origin. This results from the characteristic mean being 2.1579 and 1.26547 is the standard deviation. The study's findings also show that medium-sized EPZ businesses disagree with the notion that there has been a drop or exemption of custom tariffs at the home country. The standard deviation is 1.26907, and the characteristic mean is 2.4474. The medium-sized EPZ enterprises dispute that there has been a reduction of the obstacles to investment and the use of your firm's services, according to additional survey findings. This is as a result of the typical mean's 2.3684 and standard deviation's 1.37445 values. The attributes' combined mean was 2.3246. This indicates that tax is barely noticeable in the medium-sized EPZ firms as one element of regulatory framework. Finally, the study findings enumerate that all characteristics measuring variables interactions were significant at $p \leq 0.05$.

Product Standardization and Certification

The results for product standardization and certification, an aspect of regulatory framework, are presented in Table III.

Table III Product Standardization and Certification Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
There are no complexities arising because regulations do not impose varying rules of origin	75	2.5600	1.49991	14.781	74	.000	Disagree
The cost of checking and issuing a certificate of origin is low due	74	2.5541	1.47251	14.921	73	.000	Disagree
Rules of Origin obstacles are reduced	75	2.4133	1.54302	13.545	74	.000	Disagree
The procedures for obtaining a certificate of origin are not complicated	76	2.1316	1.22575	15.160	75	.000	Disagree
Composite Mean		2.4148					Disagree

Source: Researcher (2021)

Table III shows that the medium-sized EPZ companies disagree with the reduction of rules of Origin barriers. This is because the standard deviation is 1.54302 and the characteristic mean is 2.4133. Additionally, the study findings indicate that the medium sized EPZ firms' disagree that the cost of checking and issuing a certificate of origin is low. This is because the characteristic mean is 2.5541 and standard deviation is 1.47251. Further study findings enumerate that the medium sized EPZ firms' disagree that the procedures for obtaining a certificate of origin are not complicated. This is because the characteristic mean is 2.1316 and standard deviation is 1.22575.

The medium sized EPZ firms' disagree that there are no complexities arising because regulations do not impose varying rules of origin. This is because the characteristic mean is 2.5600 and standard deviation is 1.49991. The attributes' average as a whole was 2.4148. This shows that, as one component of the regulatory framework, product standardization and certification are only somewhat present in the medium-sized EPZ enterprises. The study's findings also show that all interactions between characteristics measuring variables were significant at p 0.05.

Ease of Doing Business

The results of ease of doing business, an aspect of regulatory framework, are presented in Table IV.

Table IV Ease of Doing Business Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
There is provision for e-filing for commercial disputes at the home country	75	2.6933	1.31492	17.739	74	.000	Disagree
There are effective and efficient platforms for paying taxes	74	2.5405	1.21846	17.936	73	.000	Disagree
There are a few procedures and minimal cost necessary for registering businesses	75	2.2533	1.31615	14.827	74	.000	Disagree
Composite Mean		2.4957					Disagree

Source: Researcher (2021)

Table IV shows that the medium-sized EPZ businesses disagree with the idea that there is an e-filing option for commercial disputes in the home nation. This results from the characteristic mean being 2.6933 and the standard deviation being 1.31492, respectively. Additionally, the study findings indicate that the medium sized EPZ firms' disagree that there are effective and efficient platforms for paying taxes. This is because the characteristic mean is 2.5405 and standard deviation is 1.21846. Further study findings enumerate that the medium sized EPZ firms' disagree that there are a few procedures and minimal cost necessary for registering businesses. This is because the Standard deviation is 1.31615 and characteristic mean is 2.2533. The attributes' combined mean was 2.4957. This indicates that as one component of the regulatory framework, ease of doing business is demonstrated in the medium sized EPZ enterprises to a limited level. The study's findings also show that all interactions between characteristics measuring variables were significant at $p<0.05$.

Labour Laws

The results of labour laws, an aspect of regulatory framework, are presented in Table V.

Table V Labour Laws Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
Labor laws affect productivity	75	2.7733	1.41968	16.918	74	.000	Disagree
Labor laws affect quality of services	76	2.5658	1.33002	16.818	75	.000	Disagree

Labor laws affect enterprise reputation	76	2.5263	1.18292	18.618	75	.000	Disagree
Composite Mean		2.6218					Disagree

Source: Researcher (2021)

Table V displays that medium sized EPZ firms' disagree that labor laws affect productivity. This is due to the fact that the characteristic mean is 2.7733 and standard deviation is 1.41968. The study's findings also show that medium-sized EPZ businesses do not agree that labor rules have an impact on the caliber of services. The reason for this is that the trait mean is 2.5658 and standard deviation is 1.33002. Further study findings enumerate that the medium sized EPZ firms' disagree that labor laws affect enterprise reputation. This is because the characteristic mean is 2.5263 and standard deviation is 1.18292. The composite mean of the characteristics was 2.6218. This signifies that labour laws are exhibited to a small extent in the medium sized EPZ firms as one element of regulatory framework. Finally, the study findings enumerate that all characteristics measuring variables interactions were significant at $p \leq 0.05$.

Export Certification

The results of export certification, an aspect of regulatory framework, are presented in Table VI.

Table VI Export Certification Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
Products are tested for conformity with foreign technical regulations before they are shipped	76	3.1711	1.48223	18.651	75	.000	Neither Agree nor Disagree
The cost of product testing as a percentage of total production costs is low	75	3.1333	1.48263	18.302	74	.000	Neither Agree nor Disagree
There is no hired additional labor for certification and testing	76	2.8816	1.49637	16.788	75	.000	Disagree
There is low testing/certification costs	76	2.7632	1.42238	16.935	75	.000	Disagree
Composite Mean		2.9873					Disagree

Source: Researcher (2021)

Table VI shows that the medium-sized EPZ companies dispute the idea that testing and certification are inexpensive. This is because the typical mean is 2.7632 and the standard deviation is 1.42238. The study's findings also show that medium-sized EPZ companies dispute the idea that extra personnel is not hired for certification and testing. This is as a result of the typical mean's 2.8816 and standard deviation's 1.49637 values. According to other survey results, medium-sized EPZ enterprises are neither in favor of nor opposed to testing items for compliance with foreign technical regulations prior to shipment. This is as a result of the typical mean's 3.1711 and standard deviation's 1.48223 values.

The medium sized EPZ firms' neither agree nor disagree that the cost of product testing as a percentage of total production costs is low. This is due to the fact that the characteristic mean is 3.1333 and standard deviation is 1.48263. The composite mean of the characteristics was 2.9873. This signifies that export certification is exhibited to a small extent in the medium sized EPZ firms as one element of regulatory framework. Finally, the study findings enumerate that all characteristics measuring variables interactions were significant at $p \leq 0.05$.

Marketing Laws

The results of marketing laws, an aspect of regulatory framework, are presented in Table VII.

Table VII shows that the medium-sized EPZ companies are neither in agreement with nor opposed to the idea that data privacy regulations are strictly upheld in the nation of origin. This results from the characteristic mean being 3.2533 and the standard deviation being 1.61992, respectively. Additionally, the study's findings show that medium-sized EPZ enterprises are neither in agreement with nor opposed to the advertising through electronic media is prohibited. This is because the characteristic mean is 3.3600 and standard deviation is 1.59085. Further study findings enumerate that the medium sized EPZ firms' neither agree nor disagree that making untruthful claims in advertisements is prohibited. This is because the characteristic mean is 3.2000 and standard deviation is 1.53341.

Table VII Marketing Laws Descriptive Statistics

	N	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Interpretation
Unsolicited advertising through electronic media is prohibited	75	3.3600	1.59085	18.291	74	.000	Neither Agree nor Disagree
Data privacy laws are strictly enforced in the home country, no breach of data privacy	75	3.2533	1.61992	17.393	74	.000	Neither Agree nor Disagree
Making untruthful claims in advertisements is prohibited	75	3.2000	1.53341	18.073	74	.000	Neither Agree nor Disagree
Composite Mean		3.2711					Neither Agree nor Disagree

Source: Researcher (2021)

Further study findings from Table VII indicate that the composite mean of the characteristics was 3.2000. This signifies that labour laws are exhibited to a moderate extent in the medium sized EPZ firms as one element of regulatory framework. Finally, the study findings enumerate that all characteristics measuring variables interactions were significant at $p \leq 0.05$.

Development Laws and Standards

The results of development laws and standards, an aspect of regulatory framework, are presented in Table VIII.

Table VIII Development Laws and Standards Descriptive Statistics

	N	Mean	Std. Deviation	T	Df	Sig. (2-tailed)	Interpretation
There is no regulatory or standardization capture, where stakeholders try to influence the regulation-making/standardization body in favor of their own interests	74	2.9595	1.44714	17.592	73	.000	Disagree
Formal laws and standards do not lead to lower innovation efficiency	74	2.8378	1.47144	16.591	73	.000	Disagree
Composite Mean		2.8987					Disagree

Source: Researcher (2021)

Table VIII displays that the medium sized EPZ firms' disagree that formal laws and standards do not lead to lower innovation efficiency. This is due to the fact that the characteristic mean is 2.8378 and standard deviation is 1.47144. Additionally, the study findings indicate that the medium sized EPZ firms' disagree that there is no regulatory or standardization capture, where stakeholders try to influence the regulation-making/standardization body in favor of their own interests. This is because the characteristic mean is 2.9595 and standard deviation is 1.44714. The composite mean of the characteristics was 2.8987. This signifies that product development laws and standards are exhibited to a moderate extent in the medium sized EPZ firms as one element of regulatory framework. Finally, the study findings enumerate that all characteristics measuring variables interactions were significant at $p \leq 0.05$.

Firm Resources, Regulatory framework, and Firm Internationalization

The objective of the study was to assess the influence of the effect of regulatory framework on the relationship between firm resources and internationalization of medium-sized export processing zone companies in Kenya. It was predicted that regulatory framework would moderate the relationship between firm resources and firm internationalization. Regulatory framework was operationalized by; tax, product standardization and certification, ease of doing business, labour laws, export certification, marketing laws, and product development laws and standards. This was presented by the hypothesis highlighted below:

H_{A1}: Regulatory framework have a significant moderating effect on the relationship between firm resources and internationalization of medium-sized export processing zone companies in Kenya.

Regression modelling was done using hierarchical regression method and results presented in Table IX.

Table IX illustrates that the addition of regulatory framework contributes an additional 15.9% variance in firm internationalization. Thus, it increases the explanatory power above and beyond that which was accounted for by only firm resources. The study findings also illustrate Regulatory framework have a significant moderating effect on the relationship between firm resources and internationalization of medium-sized export processing zone companies in Kenya. The significance F. change value (p=0.000) is less than the study critical value (α=0.05). This implies that the increase in regulatory framework produces a statistically significant increase in variance accounted for firm internationalization. Therefore, regulatory framework performs a significant moderating role in the relationship between firm resources and firm internationalization.

Table IX further demonstrates that the regulatory environment and corporate resources do considerably predict the internationalization of the firm. This is due to the second model's significance value (p=0.000) falling below the study's cutoff point (=0.05). The F-value found in the second model (F=14.921) is higher than the crucial F-value, which is 1.93929964 in the current investigation. This indicates that the model that takes into account business resources and the regulatory environment effectively predicts firm internationalization.

Finally, Table IX's findings show that the only factors significantly influencing firm internationalization are product standardization and certification. This is because the study's critical value (=0.05) is higher than the significance level (p=0.039). Additionally, the crucial T value for the current study is 1.991673 for a two-tail test, and the variable's t value (t=2.105) does not fall within the acceptable range. However, there is little correlation between firm internationalization and the availability of physical resources, organizational resources, human resources, financial resources, tax, ease of doing business, labor laws, export certification, marketing laws, and product development laws and standards. Their relative significance levels all exceed the study's cut-off value of 0.05 (p=0.547, p=0.328, p=0.784, p=0.947, p=0.416, p=0.723, p=0.759, p=0.309, p=0.185, p=0.185). Additionally, the critical T value for a two-tail test in the current study is 1.991673 and the individual t values for the variables (t= 0.605, t=0.985, t=-0.275, t=-0.067, t=0.819, t=0.356, t=0.309, t=1.025, t=1.340, t=1.337) are within the acceptable range.

Table IX Firm Resources, Regulatory framework and Firm Internationalization

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.757[a]	.574	.548	.67929581	.574	22.540	4	67	.000
2	.856[b]	.732	.683	.56883021	.159	5.078	7	60	.000

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.604	4	10.401	22.540	.000[b]
	Residual	30.917	67	.461		
	Total	72.521	71			
2	Regression	53.107	11	4.828	14.921	.000[c]
	Residual	19.414	60	.324		
	Total	72.521	71			

Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.029	.080		.359	.721
	Zscore(Physical_Resc)	-.075	.093	-.074	-.798	.428
	Zscore(Org_Resc)	.415	.152	.403	2.738	.008
	Zscore(Human_Resc)	.383	.165	.380	2.320	.023
	Zscore(Financ_Resc)	.066	.103	.066	.645	.521
2	(Constant)	.016	.068		.232	.817
	Zscore(Physical_Resc)	.064	.106	.064	.605	.547

	Zscore(Org_Resc)	.149	.152	.145	.985	.328
	Zscore(Human_Resc)	-.052	.188	-.051	-.275	.784
	Zscore(Financ_Resc)	-.007	.102	-.007	-.067	.947
	Zscore(Taxes)	.097	.118	.095	.819	.416
	Zscore(Prdt_Std_Cert)	.271	.129	.269	2.105	.039
	Zscore(EaseofDoingBuss)	.045	.126	.044	.356	.723
	Zscore(Lab_Laws)	.037	.120	.037	.309	.759
	Zscore(Exp_Cert)	.113	.110	.111	1.025	.309
	Zscore(Mark_Laws)	.228	.170	.229	1.340	.185
	Zscore(PrdtDev_Laws_Stds)	.174	.130	.174	1.337	.186

a. Dependent Variable: Zscore(Firm_Internationalization)

b. Predictors: (Constant), Zscore(Financ_Resc), Zscore(Physical_Resc), Zscore(Org_Resc), Zscore(Human_Resc)$_b$

c. Predictors: (Constant), Zscore(Financ_Resc), Zscore(Physical_Resc), Zscore(Org_Resc), Zscore(Human_Resc), Zscore(Exp_Cert), Zscore(EaseofDoingBuss), Zscore(Taxes), Zscore(Lab_Laws), Zscore(Prdt_Std_Cert), Zscore(PrdtDev_Laws_Stds), Zscore(Mark_Laws)$_c$

Source: Researcher (2021)

Thus, the model highlighted below was adopted for the hypothesis of the current study;

$Y = 0.016 + 0.271X_1$

Where;

Y = Financial Internationalization

X_1 = Product Standardization and Certification

The Y intercept of 0.009 indicates that if there is no firm resources and regulatory framework, firm internationalization is 0.026 units. The beta coefficient of product standardization and certification of 0.271 indicates that when product standardization and certification increases by 1%, firm internationalization increases by 0.271%.

Discussion of Findings

Tseng et al., (2007) conducted a research which concluded that country specific challenges are the external factors that cannot be mitigated which affect the firm including economic, social-cultural and legal factors and the specific challenges that impede the advancement of information technology include inadequate government support on electronic infrastructure and telecommunication, the advancement in technological capabilities has led to wider global interconnectivity and can be utilized as a platform and resource for expansion of Medium-Sized firms. The current study finding that regulatory framework has a significant moderating effect on the relationship between firm resources and firm internationalization is in tandem with Tseng et al.'s, (2007) study findings.

According to a study done by John (2008), laws and regulations safeguard investors and enable them to quickly address business-related difficulties, which are essential for the establishment and survival of firms since they encourage investment, help viable firms recover in case of insolvency and facilitate smooth business operations. The current study finding that regulatory framework has a significant moderating effect on the relationship between firm resources and firm internationalization is congruent to John's (2008) study findings.

The adoption of information technology and the removal of various structural barriers are both facilitated by the commerce and legal infrastructures, which include legal services, banking and financial networks, as well as currencies and clearing systems,

In accordance with a study by Ramsey and Javalgi (2001). The current research' findings are in line with Javalgi and Ramsey's (2001) study's findings, which demonstrate how the regulatory environment dramatically alters the relationship between corporate resources and firm internationalization.

A Guracha (2008) study looked at the effects of political risk factors on the internationalization strategies used by businesses in Nairobi, Kenya, that export horticulture products. Similar to this, Mwangi (2012) looked into the effects of using the Porter's Competitive Advantage Model on the internationalization of Kenyan banks. The results of the current analysis are consistent with those of Guracha's (2008) study in that the regulatory framework significantly modifies the link between firm resources and firm internationalization.

A research by Tseng, Tansuhaj, Hallagan, and McCullough (2007) concluded that country specific challenges are the external factors that cannot be mitigated which affect the firm including economic, social-cultural and legal factors. The specific challenges that impede the advancement of information technology include inadequate government support on electronic infrastructure and telecommunication. The advancement in technological capabilities has led to wider global interconnectivity and can be utilized as a platform and resource for expansion of medium-sized firms. The current study's findings, which concur with those of Tseng, Tansuhaj, Hallagan, and McCullough's (2007) study, show that the regulatory framework significantly modifies the link between business resources and firm internationalization.

According to Geringer (2012), a variety of domestic and international laws regulate the activities of multinational corporations. The legal environment is further divided into a local, regional, and global environment. The domestic environment dictates that a company must abide by domestic legal requirements. These regulations cover both laws prohibiting the admission of specific items into these nations as well as prohibitions on product exports. It also includes legislation relating to regulations set forth by any of the several departments and agencies to carry out local or federal law (Gactaern, 2010). These claims are supported by the current study's result that the regulatory framework significantly modifies the link between firm resources and firm internationalization.

Since they encourage investment, aid viable organizations in recovering in the event of insolvency, and support efficient business operations, laws and regulations safeguard investors and enable them to quickly handle business-related difficulties that are essential for the formation and survival of businesses (John, Litov, & Yueng, 2008). The infrastructures of business and law, which include legal services, banking and financial networks, as well as currencies and clearing systems, are vital to lowering various structural barriers and promoting the use of information technology (Javalgi & Ramsey, 2001). According to the results of the current study, the regulatory framework significantly modifies the relationship. between firm resources and firm internationalization is in agreement with these assertions.

Jafari, Biancone, and Giacoma (2018) conducted a study on how export compliance influence the internationalization of firms. The study findings established that the consequence of non-compliance is the restriction of firms' international activities. The study concluded that export compliance regulations' restrict firms for their global business activities but create a safety level that prevents the potential conflicts between individuals, organizations, and nations. The current study finding that regulatory framework has a significant moderating effect on the relationship between firm resources and firm internationalization is in agreement with Jafari, Biancone, and Giacoma's (2018) study findings.

In order to comply with export regulations, risk management was studied by Biancone and Jafari in 2016. According to the study's findings, export compliance reduces the chance of interfering with the business operations of globally integrated enterprises. According to the study's findings, internationalized firms must adhere to export compliance regulations in order to strengthen their global operations. The results of the current analysis are consistent with those of Biancone and Jafari's (2016) study in that the regulatory framework significantly modifies the relationship between firm resources and firm internationalization.

In a study they did in 2014, Coeurderoy and Murray focused on the choice of location and the regulatory environment. According to the study's findings, the features of the industry and the firm have a greater impact on the speed of internationalization than the foreign regulatory system. According to the current study, the regulatory framework has a considerable impact on moderating effect on the relationship between firm resources and firm internationalization is not in agreement with Biancone and Jafari (2016) study findings.

Conclusion

According to the study's findings, the regulatory environment significantly modifies the relationship between business resources and firm internationalization. The study also came to the conclusion that the only factors significantly affecting corporate internationalization are product standardization and certification.

Additional implications include the need for businesses that have previously internationalized as well as those that plan to do so to concentrate on the regulatory environment in order to improve internationalization. In order to improve internationalization, firms that have previously internationalized and those planning to do so should pay close attention to the regulatory framework's aspects of product standardization and certification.

Suggestions for Further Research

The current study was conducted in the context of EPZ enterprises; it may be repeated on exporting economies across different economic sectors to evaluate if the current study's findings were adequately captured. Additional research may be done in Kenya, Africa, or around the world to see if the conclusions of the current study are true. The current study was only conducted in Kenya.

The regulatory framework and its impact on firm internationalization were the only elements of firm resources that were considered in the current research. Physical resources, organizational resources, human resources, and financial resources were the dimensions of a firm's resources. The measurements of regulatory framework were; tax, product standardization and certification, ease of doing business, labour laws, export certification, marketing laws, and product development laws and standards. Firm internationalization dimensions were; firm size, foreign market sales revenue, and foreign market share. A research may be carried out to cover additional areas of financial innovation. In addition, a research may be carried out to identify other dimensions of firm resources, regulatory framework, and firm internationalization.

The study's moderating variables, the regulatory framework, were used to modify the link between company resources and firm internationalization. It may be possible to do additional research to determine whether factors other than the regulatory framework moderate, intervene in, or mediate the relationship between firm resources and firm internationalization. Finally, because primary data were used in the current study, secondary data studies can build on it. This could either support or refute the conclusions of the study. Descriptive statistics, multiple, and hierarchical linear regression analyses served as the research's statistical analysis methods. Additional statistical analysis techniques, such as correlation analysis, cluster analysis, discriminant analysis, granger causality, components analysis, and others, can be used when conducting a study.

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