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Moderating Effect of Marketing Channel Dynamics on the Relationship between Market Entry Strategies and Performance of Multinational Corporations in Kenya

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Abstract
The main purpose of this study was to examine the influence of marketing channel dynamics on the relationship between market entry strategies and organisational performance of multinational corporations in Kenya. The main objective was to determine the moderating effect of marketing channel dynamics on the relationship between market entry strategies and organisational performance. The study employed descriptive cross-sectional research design. The study established that marketing channel dynamics moderates the relationship between market entry strategies and organisational performance. The study found out that market entry strategies and marketing channel dynamics explained 52.1% of change in organizational performance measured using financial performance indicators. The study also established that market entry strategies and marketing channel dynamics explained 62.3% of change in organizational performance of multinational corporations in Kenya measured using non-financial performance. The study recommends that marketing channel dynamics should be considered when going international, this will enhance the performance of the organisation. The results findings makes a contribution to theory development, policy and marketing practice in relation to the effect of market entry strategy and organisation performance coupled with the influence of market channel dynamics on this relationship. Limitations include some respondents were uncomfortable with sharing information on financial performance and logistical challenges of traversing the country to obtain data, this however did not compromise on study results. The study suggests that there is room for further research adopting comparative studies approach and using longitudinal designs to get more information from the respondents.

Key words: *Marketing Channels Dynamics, Market Entry Strategies, Organisational Performance*

1.1 Introduction

Many companies no longer compete within national borders but are increasingly becoming committed to operating in foreign markets due to significant growth opportunities (Sousa & Lages, 2011). Accordingly, as these companies strive to gain a global market presence, they need a sound mode of entry that works closely with specific marketing channels and therefore, the possession of knowledge regarding the dynamics of marketing channels in the defined markets is important (Jamsheed, 2005)

Marketing channels are sets of mutually dependent organizations focused on making a given product available to the final consumer (Kozlenkova *et al*., 2015). A marketing channel is a series of exchange relationships that create customer value in the purchase, usage, and disposition of products and services. However, markets and their needs are always changing; therefore, marketing channels operate in a state of continuous change and must constantly adapt to tackle those changes (Zhang *et al*., 2010).Market environment is dynamic and market channels may not remain the same forever as they conform to such changes. The dynamics of marketing channels involve communication, roles, conflict, and power. Power as a dynamic of marketing channels involves the actual or perceived control of given channel members using certain elements that encompass the marketing strategy of other members (Stern & El-Ansary, 1992).

Conflict occurs when marketing channels perceive their individual activities to be affecting the achievement of each other's goals. Sanchez-Peinado and Pla-Barber (2006) point out that the conflict can be opponent-centred behaviour, personal or direct. Further, conflict can emanate from communication difficulties, goal incompatibilities, decision domain disagreements, perceptual differences, scarcity of resources, and role incompatibilities. The existence of roles within a channel provides opportunities for the managers to define the expectations of each channel member and the function that the company possesses in regards to the channel of marketing. Therefore, each member within a marketing channel has a role to play, which includes technical backup, provision of warranty, support service function, front office services, provision of market information, supply fulfilment, and demand stimulation, (Sanchez-Peinado & Pla-Barber, 2006).

An effective communication within the marketing channel is necessary to maintain an efficient channel. As information flow becomes effective due to proper communication, services or products involved in the channel also flow efficiently. Decoding, feedback, receiver, communication channel, encoding, message, and source, are some of the elements of communication. Companies sharing materials or information become the source, whereas the message can comprise of orders, views, feelings, or opinions. To encode refers to translating messages, while receivers consist of entities receiving the encoded information. Equally, decoding consists of the conversion of the messages received as a means of extracting its implication for holistic comprehension. Lastly, the feedback comprises of the responses of the receivers and it serves to ensure information was received and comprehended as intended from the source. Werner (2002) argues that companies should strive to put in place measures that can identify behaviour hitches, which can affect proper information flow. There is an assumption that performance of organisations and its relationship with market entry strategy is affected by marketing channel dynamics, and this study attempted to find out its moderating effect.

Multinational corporations (MNCs) refer to those entities with headquarters in a given country which still carry out businesses in different markets located abroad. MNCs must operate from a given central office that allows them to carry out coordination of how their goods and service move. Rugman and Collins (2009) assert that MNCs seek to undertake business globally essentially because of the fact that they aspire to provide to the diverse needs of their clients. MNCs engage in a wide array of activities that represent their businesses, such as the development of various market entry modes and engaging in market channel dynamics.

2.1 Literature Review

2.2 The Resource Based View (RBV)

The Resource Based View (RBV) is a theory that argues that businesses use their resources as an approach to realizing competitive advantage (Barney, 1991). Delgado, Ramirez and Espitia (2004) suggest that firms use their resources such as skills, assets, and know-how as an approach to realizing competitive advantage because most firm's specific factors are unique to the business and cannot be replicated by other businesses.

Bloodgood, Sapienza and Almeida (1996) argue that firm with unique resources have higher tendencies of going international. Fernandez and Nieta (2005) suggest that managerial capability as an intangible organizational asset is one of the key resources that firms should possess. Peng (2001) noted that the attributes of the managers are some of the most treasured resources owned by firms as they are hard to copy or imitate. Katsikea, Theodosiou and Morgan (2007) point that the ability of the managers to generate the required or desired output pegs on their behavioural performance, which in other words means the capability of the managers to accomplish their duties and obligations.

When a firm enters a foreign market, it relies on its existing resources to compete in that market because it is generally more effective and efficient to transfer them to the foreign market than start new ones from scratch (Erramilli, Agarwal & Dev, 2002). In the present study, entry strategies are channels for ferrying resources from the parent firm to the host country venture (Root, 1994). Accordingly, this theory is relevant to the study as specific firm resources and managerial factors affect market channel dynamics with a view of selecting a market entry strategy that will translate to organizational performance.

2.3 Market Entry Strategies, Marketing Channel Dynamics and Organizational Performance

Couerdacies, De Santis and Aviat (2009) observed that modes of entry on new markets could have certain effects, business mergers or acquisitions can complicate decision making and cause conflict of interest thereby translating to slow running of the firms. Investment modes of entry have a strong correlation to channel dynamics, as they may lead to conflict of interest among the parties involved leading to poor organizational performance. Hollensen (2007) suggested that franchises are able to run profitable franchisees because of the ability to control the businesses. Doole and Lowe (2007) pointed out that a licensee with time may develop the expertise and knowledge of manufacturing the same products as the licensor to an extent that this can translate to changing of duties and responsibilities of the licensee affecting the long term organizational performance.

Behan and Lamoureux (2015) suggested that marketing channel dynamics determines the level of performance of organizations since they influence the sale of MNCs products. The marketing channel dynamics affect the control of prices and therefore, avoid the erosion of prices. Behan and Lamoureux (2015) study on marketing channel dynamics observed that channel players endeavour to build channel relationship by increasing the value of the services offered with a view of realizing better sales and profits.

Shimp (1996) contended that marketing channels should embrace proper communication to reduce inconsistencies and confusion translating to increased market share. Market entry strategies with high control like franchising and foreign direct investment requires regular communication between the marketing channels leading to better performance. Jayesh (2012) claimed that negating non-financial and cultural aspects during the process of merging and acquisitions more often resulted to failure of mergers and acquisitions (M&A). This study examined the influence of marketing channel dynamics on the association between market entry approaches and organisational performance.

3.1 Research Methodology

The study employed a descriptive cross-sectional research design because it made it possible for the researcher to fully describe various characteristics of the research study. Cross-sectional study involves collection of data at a single point in time (Zikmund, 2003). The study population for this research encompassed MNCs operating in the republic of Kenya. According to the Kenya Association of Manufacturers (KAM, 2011), there are 213 multinational corporations operating in Kenya.

The sample size was calculated using the formula for finite population as proposed by Yamane (1967) and cited by Israel (2009).

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

Where:
n= desired sample size
N= Population
e = margin of error at 5% (standard value of 0.05)
The sample size for the study was:

$$n = \frac{213}{1+213(0.05)^2} = 139$$

Three employees per organization were targeted from these 139 firms. The respondents were the top management (the Country director, Marketing Director and Operations Manager). Secondary and primary data was used in the study. Secondary data was gathered from both internal and external sources. The questionnaire was used to solicit primary data.

4.1 Findings

The relevant results of the marketing channel dynamics KMO sampling adequacy and Bartlett's Test are summarized in Table 1.

Table 1: Marketing Channel Dynamics KMO Sampling Adequacy and Bartlett's Sphericity Tests

KMO and Bartlett's Test	Statistics
Kaiser-Meyer-Olkin Measure	.700
Bartlett's Chi- Square	2108
Bartlett's df	300
Bartlett's Sig.	.000

Source: Primary data

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The study results show that KMO statistics for marketing channel dynamics was .700 which was significantly greater than the critical level of significance of the test. In addition to the KMO test, Bartlett's Test of Sphericity was also significant (Chi-square = 2108.070 with 300 degree of freedom, at p=0.000< 0.05). The results justified further statistical analysis of the data.

Factor analysis was conducted after successfully testing validity and reliability of the research tool. Factor analysis was conducted using Principal Components Method (PCM) approach. Factor analysis was conducted on the items describing marketing channel dynamics and the pertinent results are in Table .2

Table 2: Marketing Channel Dynamics Factor Loadings

Items	Factor loadings
Roles	
Our company market channel functions are well defined	.829
Our company can arrange withdrawal of defective merchandise from the market	.667
Our company coordinate delivery schedules to meet customer expectations in the market	.785
Our company store merchandise in an appropriate facility for our customers.	.872
Our company maintain adequate stock to meet customer demand	.841
Our company orders appropriate assortment of products	.779
Our company Identifies major channel alternatives	.674
Communication	
Our company advertises for products and services we offer on behalf of our parent company	.825
Our company provides point of purchase displays for our products and services	.915
Our company provides sales force to disseminate persuasive communications about our products and services to customers	.794
Our company often communicate with our parent company about competition in the market	.753
Our organization channel goals are under parent channel objectives leading to regular communication	.783
Conflict	
Our organization often disagrees with our parent company on key channel functions	.692
Our company often places an order to our parent company on time but they often delay shipments	.815
Our parent company often complains that our company places orders and payments late	.862
The parent company often fail to respond to our order queries on time	.799
Our parent company often make decisions for our market distribution without first consulting us	.802
Our parent company does not assist on distribution of products and services	.653
Our parent company often sends managers to manage our market channel functions without consulting us	.687
Power/control	
Our company often consults our parent company for advice on prices for products and services in the market	.780
Our parent company reward us for the volume of our business with them	.779
Our parent company often request legal advice on unclear business issues	.853
Our parent company often recommends the promotional strategies for our business offerings	.736
Our parent company often threaten our local firm when we disagree on issues	.715
Our parent company often makes recommendations on who should be employed on our organization	.744

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The results depicted in Table 2 indicated that "Our company provides point of purchase displays for our products and services" had highest coefficients of 0.915 while "Our parent company does not assist on distribution of products and services" had the lowest coefficients of 0.653.

The factor analysis conducted on the items describing marketing channel dynamics all fall in the accepted range of above 0.5 (50 percent) to represent acceptable factor structure and therefore retained for further analysis in regression.

The sub-constructs of marketing channel dynamics were roles, communication, conflict and power/control. Twenty five items (25) items were used to measure marketing channel dynamics. Respondents were asked to respond to items measuring marketing channel dynamics. Responses were given on a five-point Likert scale where 1=not at all; 2=to a small extent; 3=to a moderate extent; 4=to a large extent; 5=to a very large extent. The scores for 'large extent' and 'very large extent' were lumped together, the scores for moderate extent were explained individually, the scores for 'a small extent' and 'not at all' were also explained separately. Respondent's views about these sub-constructs were sought and the ratings presented. The results were measured using mean scores and coefficient of variation as presented in Table 3. For purposes of this study, the coefficients of variation ratings were determined as 0 to 25% very good and 76 to 100% poor.

Table 3: Summary Scores for Measures of Marketing Channel Dynamics

Marketing Channel Dynamics	Mean Scores	Std Dev	CV (%)
Roles			
Our company market channel functions are well defined	4.31	0.91	21
Our company can arrange withdrawal of defective merchandise from the market	4.26	0.82	19
Our company coordinate delivery schedules to meet customer expectations in the market	4.33	0.78	18
Our company store merchandise in an appropriate facility for our customers.	4.42	0.74	17
Our company maintain adequate stock to meet customer demand	4.27	0.94	22
Our company orders appropriate assortment of products	4.42	0.7	16
Our company Identifies major channel alternatives	4.26	1.02	24
Average	**4.32**	**0.85**	**20**
Communication			
Our company advertises for products and services we offer on behalf of our parent company	3.96	1.06	27
Our company provides point of purchase displays for our products and services	4.09	0.97	24
Our company provides sales force to disseminate persuasive communications about our products and services to customers	4.21	0.94	22
Our company often communicate with our parent company about competition in the market	4.19	0.98	23
Our organization channel goals are under parent channel objectives leading to regular communication	3.97	1.11	28
Average	**4.08**	**1.01**	25
Conflict			
Our organization often disagrees with our parent company on key channel functions	2.32	1.1	47
Our company often places an order to our parent company on time but they often delay shipments	2.32	1.16	50
Our parent company often complains that our company places orders and payments late	2.12	1.15	54
The parent company often fail to respond to our order queries on time	2.14	1.13	53

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Our parent company often make decisions for our market distribution without first consulting us	1.97	1.06	54
Our parent company does not assist on distribution of products and services	2.21	1.24	56
Our parent company often sends managers to manage our market channel functions without consulting us	2.7	1.41	52
Average	**2.25**	**1.18**	52
Power/Control			
Our company often consults our parent company for advice on prices for products and services in the market	3.6	1.2	33
Our parent company reward us for the volume of our business with them	3.9	1.1	27
Our parent company often request legal advice on unclear business issues	3.7	1.1	30
Our parent company often recommends the promotional strategies for our business offerings	3.8	1.1	28
Our parent company often threaten our local firm when we disagree on issues	2.8	1.2	43
Our parent company often makes recommendations on who should be employed on our organization	3.2	1.4	44
Average	**3.51**	**1.18**	**34**
Overall	**3.50**	**1.05**	**33**

Source: Primary data

The results from the current study indicate that the role with a coefficient of variation (CV) of 20% was “a very good” factor of market channel dynamics that influence organisational performance. While conflict with a coefficient of variation (CV) of 52% was “a fair” factor of market channel dynamics that influence organisational performance.

Overall, role, communication, conflict and power or control are “good” sub constructs of marketing channel dynamics in explaining organizational performance. This is explained by an overall CV results of 33%.

The objective was set to establish if the relationship between market entry strategies and organisational performance is significantly moderated by marketing channels dynamics. The moderating effect is tested in terms of how the effect of independent variable on dependent variable changes when a moderator is introduced. To establish the moderating effect, the following hypothesis was formulated and tested:

H_1: *The relationship between market entry strategies and organizational performance is significantly moderated by marketing channel dynamics.*

However, moderating effect of marketing channels dynamics was tested using both financial performance and non-financial performance parameters. To establish the moderating effect of marketing channel dynamics using financial performance parameters, the following hypothesis was formulated in alternative terms:

H_{1a}: *The relationship between market entry strategies and organizational financial performance is significantly moderated by marketing channel dynamics.*

The moderating effect was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of market entry strategies on organizational performance. The second step tested the effect of predictor variables (Market entry strategies and Market channel dynamics) on criterion variable (organizational performance). In the third step, an interaction term (computed as the product of standardized values for Market entry

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strategies and Market channel dynamics) was introduced and tested for its effect on organizational performance (financial parameters). Moderation is established if the effect of interaction on organizational performance in the third step is significant.

Regression results are presented in Table 4.

Table 4: Regression Results for the Moderating Effect of Market Channel Dynamics and Financial Performance

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Market entry strategies	.692	.450	.445	15.18698
2	Market entry strategies Market channel dynamics	.695	.483	.461	15.22772
3	Market entry strategies Market channel dynamics, and MES*MCD	.716	.521	.493	14.97360

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Market entry strategies	Regression	13807.836	1	13807.836	59.866	.000
		Residual	25601.526	111	230.644		
		Total	39409.363	112			
2	Market entry strategies Market channel dynamics	Regression	13902.188	2	6951.094	29.977	.000
		Residual	25507.175	110	231.883		
		Total	39409.363	112			
3	Market entry strategies Market channel dynamics, and MES*MCD	Regression	14970.616	3	4990.205	22.257	.000
		Residual	24438.747	109	224.209		
		Total	39409.363	112			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-44.081	8.951		-4.924	.000
	Market entry strategies	17.839	2.306	.592	7.737	.000
2	(Constant)	-47.122	10.163		-4.637	.000
	Market entry strategies	16.467	3.158	.546	5.214	.000
	Market channel dynamics	2.228	1.092	.067	2.040	.025
3	(Constant)	-74.667	56.679		-1.317	.190
	Market entry strategies	15.346	4.900	.509	3.131	.005
	Market channel dynamics	30.993	15.601	.930	1.987	.049
	MES*MCD	8.536	3.910	1.889	2.183	.031

Model 1 Predictors (Constant) Market entry strategies
Model 2 Predictors: (Constant) Market entry strategies and Market channel dynamics
Model 3 Predictors: (Constant) Market entry strategies and Market channel dynamics and Interaction term.
Dependent Variable: Organizational Performance (using financial performance parameters)

Source: Primary data

Key: MES=Market entry strategies, MCD=Marketing channel dynamics

In step one; organizational performance (measured using financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 45.0 percentage change in financial performance (R^2=.450, P<0.05). The overall model was statistically significant (F= 59.866, β_1= 17.839, P< 0.05). The beta coefficient implies that one unit change in market entry strategies is associated with17.839 change in financial performance. The results in the first step were all statistically significant.

The moderator (marketing channel dynamics) was added in step two. The introduction of the moderator, significantly improves the influence of market entry strategies on organizational performance measured using financial parameters from 45.0 percent to 48.3 percent. Market entry strategies and marketing channel dynamics together explain 48.3 percent of the variance in organizational performance. The overall model was statistically significant (F= 29.977, P<0.05). Similarly, the beta coefficients for market entry strategies and marketing channel dynamics (β_1=16.467; β_2=2.228) respectively were statistically significant.

In step 3, the interaction term was introduced in the regression model. All the variables, namely the market entry strategies and marketing channel dynamics and the interaction term (Market entry strategies*marketing channel dynamics) were entered in the regression model. The results revealed that R^2 improved from 48.3 percent in step two to 52.1 percent in step three. The overall model in step 3 yielded results that indicate that the interaction was statistically significant (F=22.257, P<0.05). The beta coefficients for market entry strategies and marketing channel dynamics and the interaction term were statistically significant (β_1=15.346; β_2=30.993; β_3=8.536).

The result implies that marketing channel dynamics moderate the relationship between market entry strategies and organizational performance (measured using financial parameters). This means that changes in marketing channel dynamics (communication, role, conflict and control/power) strengthens the relationship between market entry strategies and organizational performance. Figure 1 contains the path diagram illustrating the moderating effect of marketing channel dynamics.

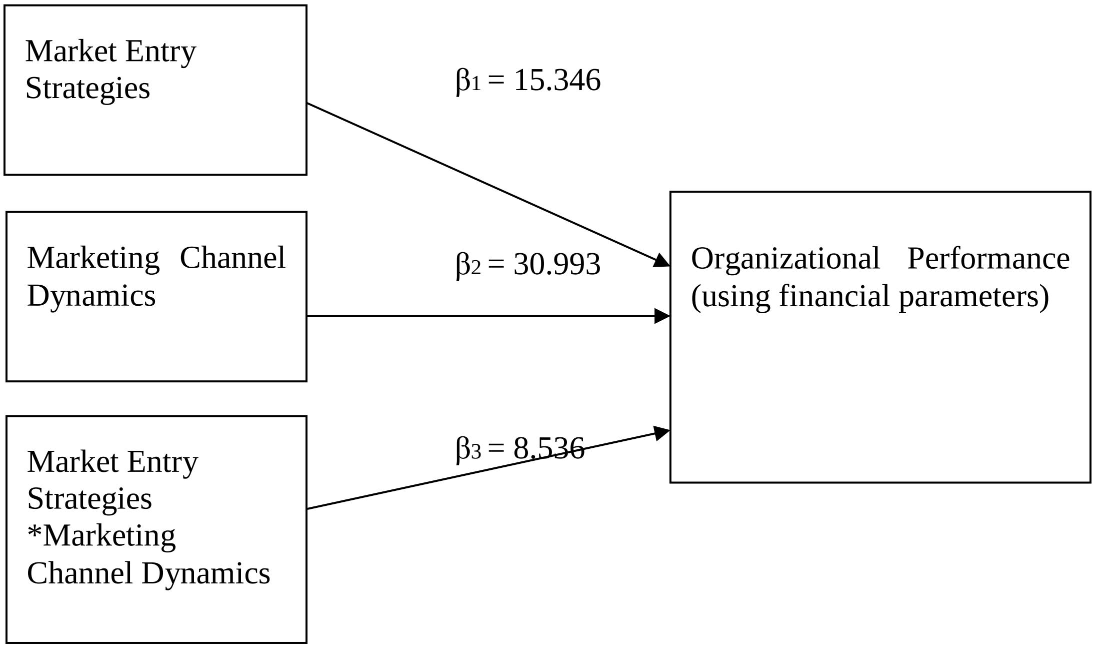

Figure 1: Moderation Path Diagram for the Moderating Effect of Market Channel Dynamics and Financial Performance

Source: Primary data

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The substituted regression equation for estimating the moderating effect of marketing channel dynamics on the relationship between market entry strategies and organizational performance measured using financial parameters is as follows:

$FP_2 = \beta_0 + \beta_{16}MES + \beta_{17}MCD + \beta_{18}MES*MCD + \epsilon$

Where:

FP_2 =Organizational Performance (using financial performance parameters)

MES= Market entry strategies

MCD= Marketing channel dynamics (Moderator)

MES*MCD = Interaction Term

FP_2 = -74.667+ 15.346MES+ 30.993MCD+ 8.536MES*MCD

The regression equation suggests that a unit change in market entry strategies causes an increase of 15.346 in organizational performance of measured using financial parameters. A unit change in marketing channel dynamics causes an increase of 30.993 in the organizational performance. Further, a unit change in the interaction of market entry strategies and marketing channel dynamics causes an increase of 8.536 in organizational performance.

The results therefore provided evidence in support of the hypothesis that marketing channel dynamics moderates the relationship between market entry strategies and financial performance.

To establish the moderating effect of marketing channel dynamics using non-financial performance parameters, the following hypothesis was formulated:

H_{1b}: *The relationship between market entry strategies and non-financial organizational performance is significantly moderated by marketing channel dynamics.*

The moderating effect was tested using stepwise regression analysis proposed by Baron and Kenny (1986). The first step involved testing the influence of market entry strategies on organisational performance using non-financial performance parameters. The second step tested the effect of predictor variables (Market entry strategies and Market channel dynamics) on criterion variable (organisational performance). In the third step, an interaction term (computed as the product of standardized values for Market entry strategies and Market channel dynamics) was introduced and tested for its effect on organisation performance (measured using non-financial performance parameters). Moderation is established if the effect of interaction on organisational performance in the third step is statistically significant. The relevant regression results are presented in Table 5.

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Table 5: Regression Results for Moderating Effect of Market Channel Dynamics and Non-Financial Performance

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Market entry strategies	.741	.549	.545	.44976
2	Market entry strategies Market channel dynamics	.788	.621	.614	.41431
3	Market entry strategies Market channel dynamics, and MES*MCD	.789	.623	.615	.41467

ANOVA							
Model			Sum of Squares	df	Mean Square	F	Sig.
1	Market entry strategies	Regression	27.301	1	27.301	134.961	.000
		Residual	22.454	111	.202		
		Total	49.755	112			
2	Market entry strategies Market channel dynamics	Regression	30.873	2	15.437	89.930	.000
		Residual	18.882	110	.172		
		Total	49.755	112			
3	Market entry strategies Market channel dynamics, and MES*MCD	Regression	31.013	3	10.338	60.119	.000
		Residual	18.743	109	.172		
		Total	49.755	112			

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.971	.265		3.664	.000
	Market entry strategies	.793	.068	.741	11.617	.000
2	(Constant)	.379	.277		1.372	.173
	Market entry strategies	.526	.086	.491	6.123	.000
	Market channel dynamics	.433	.095	.366	4.562	.000
3	(Constant)	-1.010	1.570		-.644	.521
	Market entry strategies	.889	.413	.830	2.155	.033
	Market channel dynamics	.813	.402	.686	2.022	.043
	MES*MCD	.097	.038	.607	2.553	.026

Model 1 Predictors (Constant) Market entry strategies
Model 2 Predictors: (Constant) Market entry strategies and Market channel dynamics
Model 3 Predictors: (Constant) Market entry strategies and Market channel dynamics and Interaction term.
Dependent Variable: Organizational Performance (using non-financial performance parameters)

Source: Primary data

Key: MES=Market entry strategies, MCD=Marketing channel dynamics

In step one; organizational performance (measured using non-financial parameters) was regressed on market entry strategies. The results indicate that market entry strategies accounts for 54.9 percentage change in non-financial performance (R^2=.549, P<0.05). The overall model was significant (F= 134.961, β_1= .793, P< 0.05). The beta coefficient implies that one unit change in market entry strategies is associated with .793 changes in non-financial performance. The results in the first step were all significant.

The moderator, marketing channel dynamics was added in step two. The introduction of the moderator (marketing channel dynamics) significantly improves the influence of market entry

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strategies on organizational performance measured using non-financial parameters from 54.9 percent to 62.1 percent. Market entry strategies and marketing channel dynamics together explain 62.1 percent of the variance in non-financial performance. The overall model was statistically significant ($F= 89.930$, $P<0.05$). Similarly, the beta coefficients for market entry strategies and marketing channel dynamics ($\beta_1=.526$; $\beta_2=.433$) respectively were statistically significant.
In step 3, the interaction term was introduced in the regression model. All the variables, market entry strategies and marketing channel dynamics and the interaction term (Market entry strategies*marketing channel dynamics) were entered in the regression model. The results reveal that R^2 improved from 62.1 percent in step two to 62.3 percent in step three. The overall model in step 3 yielded results that indicate that the interaction was statistically significant ($F=60.119$, $P<0.05$). The beta coefficients for market entry strategies and marketing channel dynamics and the interaction term were statistically significant ($\beta_1=.889$; $\beta_2=.813$; $\beta_3=.097$). The results therefore provided evidence in support of the hypothesis that marketing channel dynamics moderates the relationship between market entry strategies and non-financial performance.
The result implies that marketing channel dynamics moderate the relationship between market entry strategies and organizational performance (measured using non-financial parameters). This means that changes in marketing channel dynamics strengthens the relationship between market entry strategies and non-financial performance. Figure 2 contains the path diagram illustrating the moderating effect of marketing channel dynamics on the relationship between market entry strategies and non-financial performance.

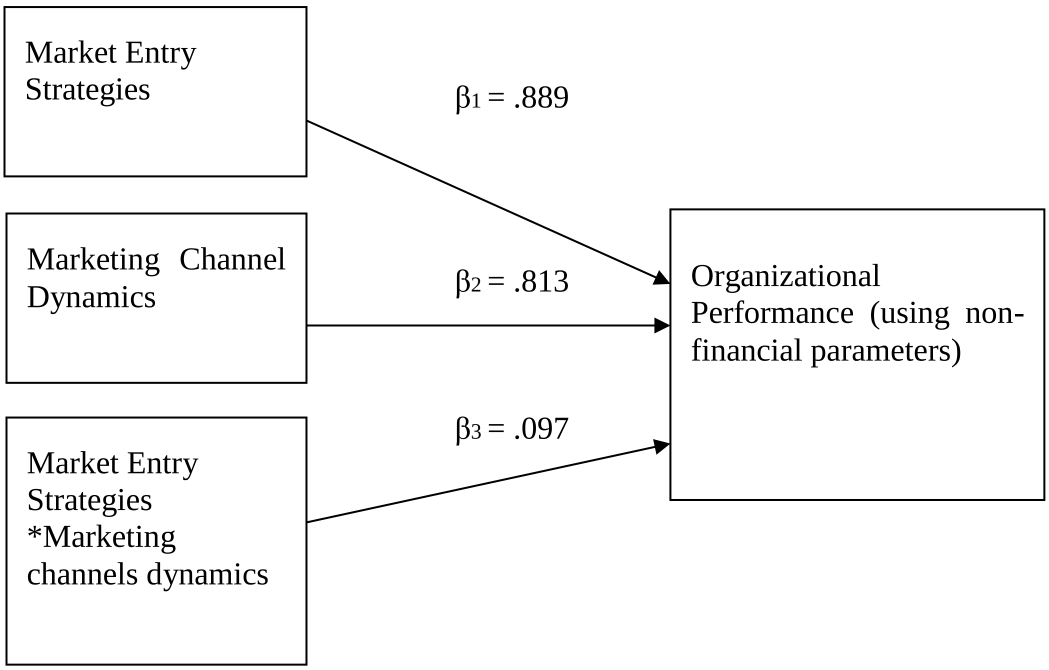

Figure 2: Moderation Path Diagram for the Moderating Effect of Market Channel Dynamics and Non-Financial Performance

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Source: Primary data

The substituted regression equation for estimating the moderating effect of marketing channel dynamics on the relationship between market entry strategies and organizational performance measured using non-financial parameters is as follows:

$NFP_2 = \beta_0 + \beta_{16}MES + \beta_{17}MCD + \beta_{18}MES*MCD + \epsilon$

Where:

NFP_2 =Organizational Performance (using non-financial performance parameters)

MES= Market entry strategies

MCD= Marketing channel dynamics (Moderator)

MES*MCD = Interaction Term

$NFP_2 = -1.010 + .889MES + .813MCD + .097MES*MCD$

The regression equation suggests that a unit change in market entry strategies causes an increase of .889 in organizational performance measured using non-financial parameters. A unit change in marketing channel dynamics causes an increase of .813 in non-financial performance. Further, a unit change in the interaction of market entry strategies and marketing channel dynamics causes an increase of .097 in non-financial performance.

The study results conclude and support the hypothesis (**H_1**) that market channel dynamics moderate the relationship between market entry strategies and organisational performance.

5.1 Discussion

The objective was to determine the moderating effect of marketing channels dynamics on the relationship between market entry strategies and organisational performance. The results of the study indicate that there is a significant influence of Marketing Channel Dynamics on the Relationship between Market Entry Strategies and Organizational performance measured using both financial performance indicators and non-financial performance indicators.

For example using financial performance, regression analysis results revealed that R^2 improved from 45.0 percent to 48.3 percent in step two to 52.1 percent in step three. While using non-financial performance the results reveals that R^2 improved from 54.9 percent to 62.1 percent in step two to 62.3 percent in step three. Therefore the results provide evidence in support of the hypothesis that marketing channel dynamics moderates the relationship between market entry strategies and organisational performance. The results agreed with Adimo and Osooo (2017) position that marketing channel strategies increases performance through market share, revenue, sales and customer satisfaction. The results are also supported by Behan and Lamoureux (2015) who suggested that marketing channel dynamics determines the level of performance of organizations, since they influence the sale of MNCs products by affecting the control of company pricing and avoiding erosion of product prices and market instability. In addition they argued that marketing channel dynamics endeavour to build channel relationship which increases the value of the services offered with a view of registering better sales and profits. The findings are also consistent with Shimp (1996) who indicated that marketing channel dynamics influence communication leading to consistencies and less confusion translating to increased market share.

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6.1. Conclusions, Limitations and Suggestions for Further Studies

The objective was to determine the moderating effect of marketing channel dynamics on relationship between market entry strategies and organisational performance. The marketing channel dynamics were broken down to role, communication, power/control and conflict aspects. The study established that roles had the highest influence on organisational performance with a higher score of correlation of coefficient (CV) of 20%, while the least influential factor of market channel dynamics that influence organizational performance was conflict with a coefficient of variation (CV) of 52%.

It was found that when the moderator (marketing channel dynamics) was introduced R^2 improved from 48.3 percent to 52.1 percent and from 62.1 percent to 62.3 percent in both financial and non-financial organisational performances respectively.

The results therefore provided evidence in support of the assumption that marketing channel dynamics moderates the relationship between market entry strategies and organisational performance.

The marketing channel dynamics influence decision making and management practices with these firms' intermediaries. It is important to note that roles was found to be a key factor that influences organizational performance from the marketing channel dynamics perspective. Another finding is that marketing channel dynamic has more significant and positive moderating effects in financial organisational performance than in non-financial organizational performance.

The results make a contribution to theory, practice and policy. In theory contribution, the Resource Based View (RBV) argues that businesses use their resources as an approach to realizing competitive advantage. Firms use their resources such as skills, assets, and know-how as an approach to realizing competitive advantage because most firm specific factors are unique to the business and cannot be replicated by other businesses. In the present study, entry strategies are channels for ferrying resources from the parent firm to the host country venture. Consequently, firm resources affect market channel dynamics with a view of selecting a market entry strategy that will translate to organizational performance. This means that marketing channel dynamics are applied to manage resources and capabilities. This constitutes the link between the theory and study findings, and is confirmed by the current study results that marketing channel dynamics influences the relationship between market entry strategies and organizational performance.

In practice, it was noted that that marketing channel dynamics influences the relationship between market entry strategies and organizational performance. By performing a variety of distribution tasks, marketing channels play a significant role in the flow of products from these parent countries to host countries and ultimately to consumers. Like other areas of business, marketing environment is dynamic and marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a competitive edge. Designing a marketing channel calls for analysing key roles, establishing channel communication, managing channel conflict and power. In designing the marketing channel dynamics, the marketer must configure them in a way that ensures the organisation is unique, competitive and performing.

Limitations of the study include that, measuring organizational performance using such a broad spectrum might compromise the actual results of the study than when only non-financial or financial indicators from either primary or secondary data are adopted. This is because some information relies on respondents' perception and opinion.

Another limitation was that the study adopted cross sectional research design. This approach involved collecting data at a single point in time. The shortcoming of such design is that it does not detect causal effects of variables. However, a longitudinal approach would have provided a better assessment of the relationship between the study variables.

The study used cross sectional descriptive research design. Future research studies using longitudinal research design may be adopted. Longitudinal research studies unlike cross section research studies will allow the use of data in examining the influence of marketing channel Dynamics on the relationship between market entry strategies and organisational performance over time.

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