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EFFECT OF ORGANIZATIONAL DIMENSIONS ON A FIRM'S INTERNATIONAL MARKET EXPANSION. A CASE STUDY OF BANK OF KIGALI.

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ABSTRACT

The purpose of this study was to evaluate effect of organizational dimensions on a firm's international market expansion. The study sought to achieve the following objectives; to examine the significant relationship between a firm's size and its market expansion, to determine the effect of organizational strategies on Bank of Kigali's international market expansion and to assess the influence of Bank of Kigali's culture on its international market expansion. The expansion of business into foreign markets faces cultural challenges that cut across national, business environment and organizational cultures. The purpose of this study was to determine organizational dimensions on a firm's international market expansion. The study adopted a descriptive research design. Simple random sampling was used to determine the sample size. The study targeted BK employees totaling to 95 people, the sample size was 77 respondents. The study used primary data collected using questionnaires. Data collected was analyzed through SPSS version 21. Data analysis involves statistical computations for averages, percentages, and correlation and regression analysis. The study findings indicated that firm size ($r=0.518$, $p<0.01$), organization strategy ($r=0.421$, $p<0.01$) and organization culture ($r=0.498$, $p<0.01$) significantly correlate to the bank market expansion. The study recommended that the bank management should embrace and consider employee decision to strengthen bank culture and to earn the loyalty of the employees.

Key words: Firm's size, Organizational strategies, Bank of Kigali culture, International market expansion.

1.0 Background.

Over the last two decades, the internationalization process of firms has been the subject of abundant research, although it is still a very complex issue to conceptualize (Reinhard, 2015). According to Gregersen & Black (1992) and Osland *et al.* (2001) rapid globalization of business has resulted in an increasing number of international strategic alliances, exporting, foreign subsidiaries, over sea representative offices and so on. Globalization has changed the competitive environment in which companies operate and it has prompted companies to seek more opportunities in growing industries where there is high potential for expansion. However, in a growing industry, competition has lower standards than a mature market (Bowman & Gatignon, 1995; Ramaswamy e*t al.*, 1994; Robinson, 1988; Soberman &Gatignon, 2005) and companies are facing extensive uncertainty when they asses the competition. Soberman & Gatignon (2005) state that there is limited knowledge about how market evolution and competitive dynamics interact. In addition, Pehrsson (2008c) notes that the formulation and implementation of successful international strategy is in practice difficult for firms to achieve. King & Tucci (2002) argue that it is of immense importance to be able to adjust and implement a strategy in a changing environment. Hence, it is crucial to study how international firms assess competition and formulate expansion strategies in growing industries.

According to Philip (2003), worldwide business and trade, sparked by competition, fanned by potential cost and market share advantages, and fueled by modern communications and transportation, continue to expand, despite the impact of inevitable periods of stagnation or recession. Yet, despite the pervasiveness and power of the drive towards internationalization in the world of business, national and local factors remain important. There are vast amounts of research that have examined and studied expansion strategy. In strategy studies there are two main schools of thought; the industrial organization perspective and the resource-based view. These views can be seen as opposites and there are long standing discussions as well as arguments among scholars whether it is the internal or external factors that make a company successful (Hedman & Kalling, 2003).

In a foreign country, an operation is embedded in a set of social, cultural, political and often managerial environments that significantly differ from the parent company's environments.

Good knowledge of international market conditions strengthens the competence of the firm.

According to Kogut (1983) new subsidiaries benefit from their parent companies' previous foreign activities. In addition, Johanson & Vahlne (1977) state that experience of a parent company affects the success of a foreign subsidiary. When the parent company's experience increases (the firm acquires knowledge of foreign markets), it perceives less uncertainty, and becomes more confident of its ability to estimate risks and returns and manage foreign operations. Li (1995) states that previous international experience of parent company, directly affect managing and establishing foreign subsidiaries. Pehrsson (2010) showed that there is a positive relationship between experience and subsidiary differentiation. He also argues that the degree of foreign market importance reflects the international experience of the firm and it can be measured by the foreign market share of the annual revenue (Pehrsson, 2008b).

High market share shows that it is important for the company to possess extensive international market experience.

According to Welch and Luostarinen (1988) internationalization is the process in which firms increase their involvements in international operations. Johanson and Vahlne (1977) agree with that. By some scholars' internationalization is also defined as the process by which firms both increase their awareness of the direct and indirect influences of international transactions on their future and establish and conduct transactions with other countries. According to Maria Elo (2009) in, Johanson and Mattsson (1988) define internationalization as the process of firms which aim first to develop existing positions and increase resource commitments in profitable nets, second to increase coordination between positions in different national nets, third to establish positions in new networks. This is an evolutionary process, where relationships are the bridges to foreign markets. They emphasize the firm's position in the network and the degree of internationalization of the firm as well as the internationalization of the market.

While the notion of internationalization has been widely used to describe the "outward movement in a firm's international operations" (Turnbull 1987), no consensus has been reached on a single accepted manner of defining internationalization (Andersen 1997, p. 28). This stems from the miscellany of theoretical foundations of internationalization and, in some instances, different aspects of a multifaceted construct that are particularly emphasized. The proposed definitions can be structured along a logical sequence. First, Beamish et al. (1997) emphasize the shift in orientation and awareness by viewing internationalization as "the process by which firms increase their awareness of the influence of international activities on their future, and establish and conduct transactions with firms from other countries". Subsequently, action follows in the form of a geographic expansion process. Johanson and Vahlne (1977) regard internationalization as "the process in which the firms gradually increase their international involvement". This process consists of multiple smaller internal decisions taken together, e.g. decisions to start exporting, establish export channels, or found sales subsidiaries.

Analogously, Welch and Luostarinen (1988) define internationalization as the "process of increasing involvement in international operations". However, these authors consider internationalization to be an inward process as well. Another approach focuses on organizational borders and views internationalization as "bringing new foreign operations within the boundaries of a firm" (Hitt et al. 1997).

Andersen (1997) therefore defines internationalization as "the process of adapting exchange transaction modality to international markets". Calof and Beamish's (1995) definition shows the same reactive character, understanding internationalization as "the process of adapting firms' operations to international environments". An alternative approach perceives internationalization as a dynamic, evolutionary strategy process entailing sophisticated organizational patterns of multinational organizations (Melin 1992; Bartlett and Goshal 1989). It becomes clear that internationalization constitutes a phenomenon which affects the entire organization (Perlitz 2000). Internationalization is understood as a process affecting the entire organization, rendering the relevant organizational environment more international, and calling for organizational adaptations. This definition considers the comprehensiveness of the construct, the increasingly international environment in which organizations are left, and finally the requirement for adaptation.

In the resource-based view Penrose (1959) argues that sustained competitive advantage of strategy derives from the resources and capabilities a firm control, thus emphasizing the internal factors influence on strategy (Barney, 1991; Grant, 1991a; Rutihinda, 1996). The adoption and development of this view became popular in the 1980s after a publication of Wernerfelt (1984). The view of the competitive advantage arising from firm resources and capabilities was developed further by scholars such as Prahalad & Hamel (1990), Barney (1991) and Grant (1991a).

Internationalization of the world economy is associated with two main developments: the growth of international trade and the growth of international investment. The growth of international direct investment is reflected in the growing dominance of national markets by multinational corporations. The consequence of the growth in both trade and direct investment is that it is increasingly difficult to associate companies with particular countries. The internationalization of business has implications for virtually all companies in almost all industries. Even companies which use domestic sources of inputs and supply their domestic market can be heavily affected by international forces. Philip (2003) in Michael Porter (1990) states that, the

Competitive Advantage of Nations goes beyond the role of resource availability and looks more broadly at the country conditions which influence the international competitiveness of firms in different industries. Critical to the study is his recognition that most of the important resources, sophisticated labor skills, technology and advanced management systems –are created through investment by people and companies.
According to Sourindra et al (2015) in (Johanson & Vahle 1977; Barkema and Drogendijk 2007), the existing literature on the international growth of firms suggests that a major driver of such growth is firms' knowledge about how to compete in foreign markets. An influential stream of research, based on the international growth of developed market firms, argues that these firms learn how to compete in foreign markets in an incremental manner through their direct experience of foreign markets, which they accumulate over time. They have identified four types of firms and situations; The Early Starter, the firm has very limited knowledge about international business, therefore the firm uses local agents or trading houses or other firms who have experience of e.g. exporting in order to be able to start international operations and to learn. The Lonely International is a case where the firm is highly internationalized but the market environment is not. The firm has previous experience and knowledge, therefore it may adjust to differences on international markets and it may enter into new nets abroad and extend its operations. The Late Starter has its domestic network as a learning platform for starting international operations. Relationships in the home market may be driving forces to enter foreign markets. The International among others, here the firm and its environment (or networks of business relationships) are highly internationalized.
Additionally, such a firm has changed its international mode from exports to foreign operation and has changed the role of subsidiaries from implementers to generators of advantages for the global network. The level of internationalization development – one of the strategic factors that influence how a company organizes its international operations – consist of three dimensions: the role of subsidiaries, the mode of participation in the local economy and the proportion of assets and employees located outside the home country. The role of subsidiary features the transfer of competitive advantages among geographies.

Today firms operate in some increasingly dynamic and turbulent environments characterized by intense competition, uncertain market conditions, faster technological changes and shorter product life cycles, (Pinto *et., al* 2008). Under these circumstances an effective launch strategy increases the chances of firm's survival and improves a foreign entrant, (Teo 2002). Companies expand to regional and foreign markets motivated in part by the desire to gain global recognition, assurance of long term growth, and increase in profitability, diversification of risk and to reap from of scale among other reasons.

Those companies which tend to expand to international markets must decide about the type of entry strategy and its effect on the foreign operation of the company (Caterora & Graham, 2002). In international competition, a proper and creative entry strategy guarantees a long-term presence in the market and leads to the success of the company in the international markets, (Jamshid et al, 2011). He adds that the choice of a right foreign market entry mode will determine the success of foreign direct. Rasheed, 2005 posits that the choice of foreign market entry is a key determinant of the success of the foreign entity. This is supported by Jamshid, (2005) who argues that that selection of an appropriate entry strategy is a critical and indispensable component of the strategic decision a company has to make when investing overseas. Entry modes are difficult to change without considerable loss of time and money making entry mode decisions a major strategic decision for many companies seeking international expansion.
In the recent past the Rwandan banking Industry has attracted many investors into different sectors. The banking industry is among those sectors that have attracted many regional and international. Out of the ten commercial banks operating as at 31 December 2015, seven are foreign owned. Banks entering foreign

markets have to perform a critical review and choose an entry strategy that will meet management objective of optimizing performance and sustaining long term stability for the foreign entity in addition to meeting management risk mitigation targets.

Those companies, which tend to enter international markets, must decide about the type of entry strategy and its effect on foreign operation of the company (Catelora & Graham, 2002). Effective new market development and commercialization is very challenging task, and several studies have verified that the entry or launch strategy is a key determinant of the success or failure of product innovations or new entrants (Pinto et al, 2007). Researchers have conducted studies on foreign market entry strategies and the findings indicate that the type of entry mode depends on the nature of business, its products and goals, (Cavusgil *et al* (2008).

While much research has been done on market entry strategies employed by commercial banks on expansion and internationalization on developed and emerging economies like the United States of America (USA), Europe, China and Latin America (Jianqing, 2012; ADB Institute, 2012; among others, little is known of developing and less developed markets of Africa, and Rwanda to be specific.

Bank of Kigali opened a representative office in Nairobi, Kenya on 19th February 2013 that is wholly owned subsidiary of Bank of Kigali Limited. The representative office acts as a liaison between the bank and its clientele in Kenya by helping them to have access to their funds without opening an account with foreign banks and seeking to strengthen the Bank's relationship with existing clients operating in Nairobi as well establish a relationship with prospective clients.

1.2 Statement of the Problem

Although firm internationalization is an emerging and well researched area in the theoretical and empirical advances, many authors note the increased inconsistencies between the findings of different studies on dimensions of a firm's international development and market expansion (Sullivan, 1994, Delios& Beamish, 1999). Further, it is well evident that international business and market expansion has been in existence since the mercantilist times. The overwhelming majority of research on the international dimensions on firm's international development-market expansion paradigm comes from majorly USA and Europe (Rugman, 1993; Sullivan, 1994) and very few on dimensions of firm's international development in the developing world set up. While much research has been done on market entry strategies employed by commercial banks on expansion and internationalization on developed and emerging economies like the United States of America (USA), Europe, China and Latin America (Jianqing, 2012; ADB Institute, 2012; among others, little is known of developing and less developed markets of Africa, and Rwanda to be specific.

Therefore, this study will attempt to delve into assessing organizational dimensions on a firm's international market expansion. Bank of Kigali is the only Rwandan bank that has expanded internationally having a branch in Nairobi, therefore using Bank of Kigali as the case study will provide information to other banks in case they want to expand internationally. This research intends to fill the gap existing on the organizational dimensions on a firm's international market expansion on bank performance from a Rwandan perspective focussing on Bank of Kigali.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study was to determine organizational dimensions on a firm's international market expansion.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

1. To examine the significant relationship between a firm's size and its market expansion
2. To determine the effect of organizational strategies on Bank of Kigali international market expansion
3. To assess the influence of Bank of Kigali culture on its international market expansion.

2.0 Literature Review

2.1 Empirical review

A review of literature of FDI began around the mid of the last century by for example Hymer (1960), Kindleberger (1969), and Caves (1971). While Hymer (1960) claimed that multinational enterprises activities do not involve capital mobility, Caves (1971) confirmed that the determinants of FDI comprise relative production costs, technology, and trade barriers. His results reveal that economic factors including access to factors of production such as land, labor, and capital at lower cost are significant determinants of FDI. In an analysis of the determinants of annual average inflows of FDI in 25 developing countries from Africa, Asia and Latin America, Levis (1979) find that economic variables are more important than political ones. He found that quality of life, the balance of payments, government capabilities and economic conditions are the main influencing factors of foreign investment flows. The most important economic determinants of FDI, according to Shneider and Frey (1985), were country's level of development measured by real per capita GNP and the balance of payments. Wells (1987) point out that good infrastructure is necessary to attract export-oriented investment. Similarly, Rolfe and White (1992) determine that infrastructure quality is significant in the attractiveness of a country for offshore manufacturing investment. Hobday (1994), on the other hand, pointed out that foreign firms were attracted to Singapore partly by the efficiency of transportation and communications infrastructure. Dupasquier and Osakwe (2006) explicate that humble infrastructure is one of the causes that African nations have received low levels of FDI compared to other developing nations. However, infrastructure was found to be insignificant variable in attracting FDIs by many researchers including, for example, Onyeiwu and Shrestha (2004) and Asiedu (2002) who found infrastructure as an insignificant factor influencing FDI flows.

Onyeiwu and Shrestha (2004), on the other hand, found other factors such as availability of natural resources, trade, and some other macroeconomic variables of the country to be more significant than infrastructure. Several researchers have tested the influence of political stability or, conversely, political risk, on foreign direct investment flows. Contractor (1990) for example, found a positive relationship between country political ratings and FDI inflows to developing countries. Political stability in the foreign country was found to be ranked, persistently, first or second amongst determinants of FDI in Basi's (1963) study and in El-Haddad's (1986) study. Bartels et al. (2009) confirm that political economy considerations strongly influence FDI location decisions in Sub Saharan Africa (SSA). Political risk was also found by Zheng (2009) to be a key determinant of FDI into China and India. Busse and Hefeker (2007) emphasize that political risk is a main component in influencing FDI inflows into Africa. They indicated that government stability, conflicts (internal and external), ethnic tensions, and bureaucracy are essential elements of attracting inward FDI.A high level of inflation is likely to discourage FDI inflows as indicated by many researchers. Onyeiwu and Shrestha (2004), Asiedu (2006), Khalid and Varoudakis (2007), and Zenegnaw (2010) found that FDI flows into Africa are negatively correlated with the level of inflation. The exchange rate and exchange rate volatility have also been considered as key variables in determining inward FDIs. Kandiero & Chitiga (2006) examine the relationship between real exchange rates and FDI in a sample of 38 African countries. An inverse relationship was found between FDI inflows and real exchange rate appreciation. Aiming to examine how exchange rate volatility influences FDI inflows into Ghana, Coleman and Tettey (2008) found that exchange rates play an important role in attracting FDI. Their research results conclude that volatile exchange rate has a negative impact on FDI inflows. Nabende (2002) pointed out that exchange rates are important factors influencing FDI flows into Africa. Corruption and democratic accountability are considered by many researchers as detrimental to FDI. Dupasquier and Osakwe (2006) indicate that political instability is a factor that can be considered as responsible for low FDI inflows into Africa. Ali Al Sadig (2009) empirically examines the effects of corruption on FDI inflows based on panel data from 117 countries over the period 1984- 2004. He stated that corruption is generally viewed as an additional cost of doing business and predicted to decrease the profitability of investment projects. His research results conclude that FDI inflows decrease by higher corruption levels. Bilateral investment treaties found to have a significant impact on FDI inflows to host countries. Eric and Spess (2005) provide quantitative evidence that a higher number of bilateral investment treaties (BITs) raise the FDIs that flows to a developing country. Büthe and Milner (2008) argue that international trade agreements (GATT and WTO) and preferential trade agreements (PTAs) reassure investors and increase investment. They used statistical analyses for 122 developing countries to support the argument that international commitments are more credible than domestic policy choices. Foreign aid into host countries has also been primarily considered to be a significant factor of FDI inflows. Biglaiser and DeRouen (2010) carried out a study on 126 developing countries and establish that the overall involvement of IMF in a certain country tends to surge FDI flows from the United States of America. Rodriguez and Pallas (2008) utilized panel data to examine the sectorial, regional and macroeconomic variables that have attracted FDI inflows in Spain. They found that labor productivity and the cost of labor are important determinants of FDI in Spain during the period 1993-2002. Demand, the evolution of human capital, the export potential of the sectors variables in addition to other certain macroeconomic determinants that measure the differential between Spain and the European Union average were also found to play a crucial role in attracting FDI inflows. Kandiero and Chitiga (2006) emphasized that increased openness in the economy has a positive effect on FDI flows into Africa. Their results reveal that further trade liberalization is anticipated to increase FDI inflows to service sectors (i.e., telecommunications, finance, banking, insurance, transportation, retail, business, as well as legal services).Nuno and Horácio (2010) analyzed the effect of market size, labor cost, trade openness, and economic stability on FDI inflows to Portugal. They found market size and trade openness as important factors in explaining FDI flows into Portuguese economy. Wage and taxes were also found to be statistically significant drivers of FDI. Zenegnaw (2010) intended to provide an empirical analysis of the demand side of FDI inflow into African nations. His results confirm that natural resources, labor quality, trade openness, market accession and infrastructure conditions are having positive and significant effects on FDI. He found the availability of stock market to have positive effect on FDI. In addition, he indicated that government expenditures and private domestic investments have positive influence on FDI inflows.

2.4 Conceptual framework

Conceptual framework is a schematic presentation which identifies the variables that when put together explains the issue of concern (Peters, Elmendorf, Kandola & Chellaraj, 2000). It is a set of broad ideas used to explain the relationship between the independent variables (factors) and the firm market expansion while the independent variables are organizational dimensions. The variables and their relationship are shown in the figure 1 below:

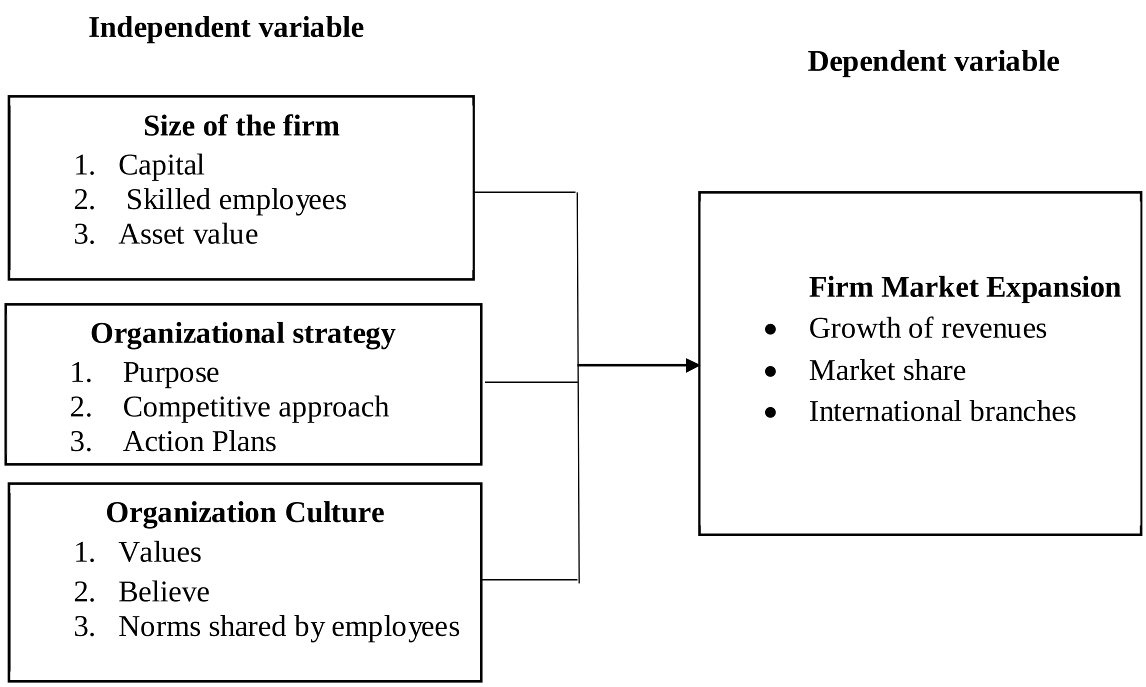

Figure 14: Conceptual framework

2.4.1 Size of the Firm

Size is an important predictor of the performance. Larger firms show better profitability while smaller firms do not have an ability to compete larger firms in this regards. Chi (2004) clarified the relationship and concluded that organizational size is having significant impact on performance as well as rights of the shareholders. Larger firms have better chances to obtain credits from financial institutions. They may obtain loan at cheaper rates, as they have better credit worth and low chances of bankruptcy. The same aspect has been confirmed by Gedajlovic and Shapiro (1998). They confirmed that relationship between size and profitability of the organization is positive in nature. On the other hand, another study conducted by Yi and Tzu (2005) concluded different results. Their study depicted that size of the firm does not have any impact on the performance.

Size is the organization's magnitude as reflected in the number of people in the organization. Organization size has often been described as an important variable that influences structural design. Organization size (as defined by the number of employees) has received substantial attention from researchers and management writers as a fundamental component affecting organizational design, structure and shape.

Organization design must take into account the size of the organization. A small organization could be paralyzed by too much specialization. In larger organizations, on the other hand, there may be economies of scale that can be gained by maintaining functionally specialist departments and teams. A large organization has more complex decision making needs and some decision-making responsibilities are likely to be devolved or decentralized. Huge resources and economics of scale are needed for many organizations to compete globally. However, small and large organizations have their peculiar characteristics and effects on the culture and effectiveness of the organizations (Daft, 2003). Large organizations are standardized, often mechanistically run, and complex. The complexity offers hundreds of functional specialties within the organization to perform complex tasks and produce complex products (Geeraerts, 1984). Once established, large organizations can be a presence that stabilizes a market for years. It provides longevity, raises and promotions.

Large organizations are associated with vertical and horizontal complexity, more decentralized (Geeraerts, 1984). Founders and senior managers do not have sufficient time and expertise to process all the decisions that significantly influence the business as it grows. Therefore, decision-making authority is pushed down to lower levels, where incumbents are able to cope with the narrower range of issues under their control (Robey, 1991). They carry out more written communications and documentation. They have bureaucratic culture, which has an internal focus and a consistency orientation for stable environment. The culture supports a methodical approach to doing business (Daft, 2003). Symbols, heroes and ceremonies support cooperation, tradition and following established policies and practices as a way to achieve goals. There is high level of consistency, and collaboration among members. The organization succeeds by being highly integrated and efficient (Daft, 2003).

Small organizations are responsive and flexible and this guarantees them success in a global economy (Deutschmann, 1991; Daft, 2003). Research shows that as global trade has accelerated, smaller organizations have become the norm (Carroll, 1994). Huge investments are giving way to flexible manufacturing and niche marketing as ways to succeed. There is a decrease in average organization size, as most service companies remain small to be more responsive to customers (Carroll, 1994). Small organizations have flat structure and an organic, free-flowing managing style that encourages entrepreneurship and innovation (Daft, 2003; Deutschmann, 1991). Small size of firm encourages motivation and commitment, which are needed for effectiveness. In small organization's top managers can use their personal observation to control (Carter and Keon, 1989; Hsu et al, 1983; and Geeraerts, 1984). This implies that small size eases the problem of control.

The complexities of structural and cultural issues increase exponentially when firms expand their business activities to the international level (Cheah & Garvin, 2004). In this case, phases of cultural development have to be planned, and organizational structure has to be redesigned to absorb changes in control and coordination mechanisms (Barlett & Ghoshal, 1998) this is especially true given the nature of service operations that largely demand responsiveness to the local environment. Recent research on organizations shows that in rapidly growing organizations, administrators grow faster than line employees. In declining organizations they decline more slowly. This implies that administrative and staff personnel are often the first hired and the last fired (Marsh & Mannari, 1989). In large organizations, top administrators are a small percent of total employment. They, however, spend more on overhead because of the number of staff involved.

Organizational size is another contingency variable thought to impact the effectiveness of different organizational forms (Hofler, 2010). Small organizations can behave informally while larger organizations tend to become more formalized. The owner of a small organization may directly control most things, but large organizations require more complex and indirect control mechanisms. Large organizations can have more specialized staff, units, and jobs. Hence, a divisional structure is not appropriate for a small organization but may be for a large organization.

Mahoney *et al* (1972) reported size influences coordination and performance. This prediction was confirmed by the positive and statistically significant effects of the size measures (assets and employees) on returns on sales. The arguments by Nan Weiner and Thomas A. Mahoney, and Heather A. Haveman, that size has a positive effect on organizational effectiveness, is supported, reflecting the benefits of economies of scale (Shin & Suh, 1999). Organization size is a frequently discussed, less often studied, characteristic of organization units. Two size dimensions, unit size and size of parent organization, were analyzed for independent and joint relationships with various dimensions of organizational behavior and managerial practice. The size of organization can affect its effectiveness. The need for organizations to right size cannot be over emphasized. Organizational effectiveness increases with increase in responsiveness and flexibility associated with small size. Big organizations can achieve this through the opening of several branches and the decentralization of activities in order to be more responsive to its customers.

2.4.2. Organizational Culture

Culture has been called "the way of life for an entire society." The culture of a group can be defined as: "A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 1990).

In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As groups find solutions to these problems over time, they engage in a kind of collective learning that creates the set of shared assumptions and beliefs we call "culture."

According to Brooks the current fascination with organizational culture began in the 1970s and early 1980s with the works of Peters and Waterman (1982), Deal and Kennedy (1982) among others. In 1952, Jacques referred to culture of a factory as 'its customary and traditional way of thinking and of doing things which is shared and which new members must learn' (Jacques, 1952, cited in Brooks (2006). He argued that culture comprised behaviors, attitudes, customs, values, beliefs, and the less conscious conventions and taboos.

Having established that organizational culture comprises a range of complex social phenomena, it is not surprising that scholars have identified corporate culture as a multi-layered construct which can be divided into layers according to these phenomena's observability and accessibility. Organizational culture has been defined as patterns of shared values and beliefs over time which produces behavioral norms that are adopted in solving problems (Owens 1987; Schein, 1990). The organization's internal environment is represented by its culture and is construed by the assumptions and beliefs of the managers and employees (Aycan *et al*., 1999). Organizational Culture manifested in beliefs and assumptions, values, attitudes and behaviors of its members is a valuable source of firm's competitive advantage (Hall, 1993; Peteraf, 1993) since it shapes organizational procedures, unifies organizational capabilities into a cohesive whole, provides solutions to the problems faced by the organization, and, thereby, hindering or facilitating the organization's achievement of its goals (Yilmaz, 2008).

2.4.3 Organizational Strategy

In 1965, Igor Ansoff suggested a matrix with four strategies which rapidly became very well known – penetrating the market, product development, market development and diversifying. 15 years later, Michael Porter introduced what will later become the most known typology for generic strategies: based on costs, on differentiation and focused. But both approaches are incomplete: while Ansoff's is concentrated on the extension of the strategy, Porter's focuses on identifying the strategy and bringing it to the foreground.

3.0 Research design

This research adopted descriptive research design. This research design was preferred because it would bring about deeper insights and better understanding of the perceived effect of organizational dimensions on a firm's international market expansion. It adopted a case study survey. A case study involves careful and complete observation and analysis of a unit in its relationship to any other unit in the group (Kothari, 2004). A survey design is associated with a guided and quick collection, analysis and interpretation of observation (Mugenda& Mugenda, 1999).

3.1 Target population.

The target population of this study comprised of 95 managers of Bank of Kigali. These included six executive committee, twelve senior management, twenty-one middle managers, twenty-four selected Kigali branch managers and thirty two staff stationed at Bank of Kigali head office, (Bank of Kgali, 2015). The study preferred to use managers, because are the ones who decisions in commercial banks.

3.3. Sample Frame

Sampling frame is a list of all the population subjects that the researcher had targeted during the study. Using the Yamanes formula the proportions of the sample size the computed sample strata are shown in table 3.1. The sample size of five; Executive Committee, Senior Management, Middle Managers, Selected Kigali Branch Manager and Bank of Kigali Headquarter Staff was used since at the main branch most of the operations regarding international expansion and organization dimensions are carried out in this place. The sample frame for this study is shown in the Table 1

Table 30 Sampling Frame

Area of Operation	Population	Proportions
Executive Committee	6	5
Senior Management	12	10
Middle Managers	21	17
Selected Kigali Branch Managers	24	20
BK HQ Staff	32	25
Total	**95**	**77**

3.4. Sample size and Sampling Technique

A sample size of 77 respondents was determined from a total population of 95 individuals using the formula by Yamane (1967). Stratified random sampling technique was used to select the managers. Stratified random sampling technique ensures that different groups of a population are adequately represented in the sample. Stratified sampling divides the population into homogeneous groups such that the elements within each group are more alike than the elements in the population as a whole (Nachimas & Nachimas 2008). Random sampling was used to select individuals from the various strata.

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

Where;
n= Sample size
N=Total population size (77)
e= 0.05 level of significance

$$n = \frac{95}{1 + 95\,(0.05)^2} = 77$$

4.0 RESEARCH FINDINGS AND DISCUSSIONS

4.3 Firm size on market expansion

Table 2: Correlation between firm size and international market expansion

		Firm size	International market expansion
Firm size	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	70	
International market expansion	Pearson Correlation	.518**	1
	Sig. (2-tailed)	.000	
	N	70	70

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.5 indicate that firm size is significantly correlated to the bank market expansion ($r=0.518$, $p<0.01$). This implies that the increasing the firm size in this case Bank of Kigali would result to increased market expansion of the bank.

4.4 Organizational Strategy

Table 3: Correlation between organization strategy and international market expansion

		Organization Strategy	International market expansion
Organization strategy	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	70	
International market expansion	Pearson Correlation	.421**	1
	Sig. (2-tailed)	.000	
	N	70	70

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 indicate that organization strategy is significantly correlated to international market expansion ($r=0.421$, $p<0.01$). This implies that the ensuring good organization startegy would result to increased internal market expansion of the bank. This study is consistent with findings reported by Joti and Danol (2012) that organization strategy positively influences market expansion.

4.5 Organization culture

Table 4: Correlation between organization Culture and international market expansion

		Organization Culture	International market expansion
Organization Culture	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	70	
International market expansion	Pearson Correlation	.498**	1
	Sig. (2-tailed)	.000	
	N	70	70

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4 indicate that organization culture is significantly correlated to international market expansion ($r=0.498$, $p<0.01$). This implies that the ensuring good organization culture would result to increased internal market expansion of the bank. Peters and Waterman (1982) argues that organizational culture has a critical role in market expansion of any business.

4.5.1 Effect of organization culture on market expansion

The study also sought to determine the effect of organization culture on market expansion.

Table 4.11: Effect of organization culture on market expansion

Statements	Strongly agree	Agree	Disagree
Market expansion is influenced by organization culture	56 (80%)	14 (20%)	
Bank of Kigali has promoted timely achievement of set goals by the bank from the previous three years hence increased market expansion	29 (41%)	37 (53%)	4 (6%)
Bank of Kigali has reduced customer complaints over the last three years	46 (66%)	24 (34%)	

Table 4.11shows that 80% of the study participant strongly agreed with the statement that Market expansion is influenced by Organization culture influenced while 20% just agreed. Majority (53%) agreed with the statement that Bank of Kigali has promoted timely achievement of set goals by the bank from the previous three years hence increased market expansion 41% strongly agreed while 6% disagreed with the statement. Majority (66%) strongly agreed with the statement that Bank of Kigali has reduced customer complaints over the last three years while 34% just agreed with the statement.

4.6 Combined effect Model

In this section, multiple regression analysis was to determine whether independent variables notably, firm size, organizational strategy and organization culture has influenced international market expansion. The findings are presented below.

The results show that the coefficient of determination was 0.789 which mean that 78.9% of variation in international market expansion is explained by firm size, organizational strategy and organization culture. The regression equation appears to be relatively useful for making predictions. R square and adjusted R is high; therefore, this implies that there is a high variation that can be explained by the model.

Table 4.13: Model summary of the combined effect

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934[a]	.789	.701	.727

Predictors: (Constant), firm size, organizational strategy and organization culture

The analysis indicate that the R^2 was 0.789 which mean that 78.9% of variation in international market expansion is explained by firm size, organizational strategy and organization culture.

Table 4.14: ANOVA results showing the combined effect ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.191	4	5.548	19.999	.000[a]
	Residual	9.709	35	.277		
	Total	31.900	39			

b. Independent Variable: Firm size, organizational strategy and organization culture

c. Predictors: (Constant), International market expansion

The ANOVA results for regression coefficients on Table 4.14 showed that the significance of the F statistics is 0.000 which is less than 0.05. This implied that there was a significant relationship between firm size, organizational strategy and organization culture analysis affecting the dependent variable the market expansion.

The study sought to determine the beta coefficient of the variables. The findings are presented in Table 4.15. The regression model was written as: International market expansion = 0.474 + 0.518Firm size + 0.421Organizational strategy + 0.498 Organization culture

Table 4.15: Coefficient results showing the combined effect of the Coefficients (a)

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	.474	.368		1.098	.020
	Firm size	.287	.171	.274	1.712	.046
	Organizational Strategy	.299	.192	.422	2.159	.038
	Organizational Culture	.381	.158	.024	.130	.038

Dependent variable; International market expansion

From the data in the above table the established regression equation was

$Y = 0.474 + 0.287\ X1 + 0.299X2 + 0.381\ X3$

The Beta Coefficients in the regression show that all of the tested variables had positive relationship with international market expansion. The findings show that all the variables tested were statistically significant with p-values less than 0.05.

X1= 0.287 which implied that a unit change in firm size resulted into a 0.287 change in international market expansion.

X2 =0.299; this implied that unit change in organization strategy will result into a 0.299 change in international market expansion.

X3= 0.381; implied that one-unit change in the organization culture will result into a 0.381 change in international market expansion.

5.0. Conclusions

The findings of this study revealed that there is a significant positive relationship between organizational dimensions and international market expansion. When combined with Pearson Product Moment Correlation Coefficient the study found that international market expansion is positively correlated to firm size, organizational strategy and organizational culture. The regression model obtained an adjusted R^2 of 0.701. This implies that, 70.1% of the variations in international market expansion can be explained by variations in organizational dimensions whereas 29.9% of the variations in international market expansion can be explained by other factors outside of the multiple regression models developed.

Following the findings, the study concluded that firm's size is significantly related to market expansion. This is evidenced by the correlation analysis that that generated R value of with P value less than 0.01. Firms with large size would therefore find international market expansion more achievable compared with small sized firms.

Regarding the effect of organizational strategies on Bank of Kigali international market expansion the study concluded that organizational strategy affects bank international market expansion. This was confirmed through the significant correlation between organizational strategy and international market expansion realized through correlation analysis.

Additionally, the study concluded that the culture of Bank of Kigali affects market expansion. The study revealed a significant correlation between organization culture and market expansion.

5.4. Recommendations

Basing on the study findings, the study recommend that;

1. Bank of Kigali and other firms should focus of their size, culture and strategies in order to find market expansion achievable.
2. 2. Bank management should embrace and consider employee decision to strengthen bank culture and to earn the loyalty of the employees.
3. The bank should adopt a system that will ensure that the employees in various departments' get sufficient training and skills that can enable them operate internationally.

5.5. Areas for further research

The study focused on international market expansion in commercial banks in Rwanda. Further research on the study abounds in this study area like;

1. Effect of organizational dimensions on firm's performance.
2. Further research can also involve a replication of the present study in other industry to know whether the findings of this study can pass the test of generalizability.
3. The study was unable to look at the framework for analyzing organizational dimensions in the banking industry, so further study can embark on this.

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