INFLUENCE OF GLOBAL SOURCING FACTORS AND PERFORMANCE OF PUBLISHING FIRMS IN KENYA: A CASE OF LONGHORN PUBLISHERS LIMITED

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ABSTRACT

The main objective of this study was to investigate factors in global sourcing affecting performance of publishing firms in Kenya. The target population was Longhorn Publishers Limited with a workforce of 112 employees. The study adopted stratified sampling method to select the 53 employees as sample size. Structured questionnaires containing both open ended and closed ended questions were used to collect primary data. 47 questionnaires were filled and returned for analysis. The study employed Analysis of Variance (ANOVA), correlation and regression analysis as methods of analysis. The study concluded that; company finance and Information Technology had positive influence on performance of publishing firms in Kenya. Based on the findings, the study recommended that the management of publishing firms should ensure that there is adequate company finance that supports organizational performance as resources needed to achieve set targets may not be procured if funds are not adequate. There is need for management to adopt proper Information Technology that provides feedback on the performance of the company and helps in determining corrective actions to be taken.

Key Words: *Company Finances, Information Technology, Global Sourcing, Publishing Firms in Kenya*

INTRODUCTION

Globalization is altering the world economic landscape in fundamental ways. It is driven by a widespread push toward the liberalization of trade and capital markets, increasing internationalization of corporate production and distribution strategies and technological change that is rapidly dismantling barriers to the international tradability of goods and services and the mobility of capital (CIPS, 2012). While international economic integration has made major strides, its smooth progression is by no means assured. Protectionist pressures are bond to arise when change produces losers as well as winners and exacts adjustment as the price for its benefits, as international economic integration inevitably does (Farrington, 2008). Pressures from industries and groups that will need to adjust to stronger international competition will continue to test the firmness of policymakers' commitment to more open markets, both in developing and industrial countries (Kent, 2012). Strategic global sourcing will be key source of competitive advantage for firms in these countries to thrive (Lysons, 2006).

Since most organizations do not have well-developed global sourcing strategies in place, improvement opportunities in this area are attractive and are yet unrealized. Shifting from a narrow cost-reduction emphasis to an emphasis on globally integrated and coordinated sourcing strategies should improve an organization's competitiveness (Harris, 2012). The progression from domestic buying to international purchasing and then to global sourcing can be visualized as movement along a continuum through different levels (Joram, 2014). In moving from domestic purchasing to international purchasing, organizations must contend with longer distances, increased rules and regulations, currency fluctuations, customs requirements, language , cultural and time difference (Monezka & Tent, 2010). To curb rising costs of operations and boost global competiveness, many publishing firms are turning to global sourcing as it guarantees significant benefits both in the short run and in the long run.

World trade grew by 9% in 2006 and is expected to rise more than 6% annually over the next 10 years, almost twice as fast as world GDP. This has been attributed to increased savings to 10% of total procurement spend in organizations worldwide through cost reductions averaging 19% from 14% to 28% and total cost of ownership reduction s averaging 12%. Unfortunately, in most publishing firms globally; poor lead times, increased transportation and logistics costs, inappropriate information technology systems, stringent regulations and poor internal organization operations have contributed to poor performance (Spear, 2010)

Global sourcing occurs when producers source for goods or services from a foreign market. According to Salleh & Mohammed (2011), the sourcing or buying company must learn and cultivate strategies that focus on integrating purchasing process with operational and activities in different countries in order to succeed global sourcing phenomenon. Swamidass (2014) explains that multiple business units of a company in which the purchased products and services are consumed outside the borders of the country of production, in many cases, the specs of these products or services are generated in a cross-functional way based on multiple company locations. According to Ting & Cho (2013) these goods and services specifications always consist of; specifications of locations they will be consumed, quality, quantity, delivery reliability, delivery flexibility and so on.

In Sub-Saharan Africa the ratio of trade to GDP has been falling recording an annual growth of less than 2% compared to fast-integrating East Asia which posted an annual growth of 8% in the past 10 years until recently and is still well below its level of 20 years ago. The current shift toward oriented reforms and the beginning of systematic transformation has seen most firms including the publishing firms embrace global sourcing approach as the benefits are fulfilling (Ogbo, 2011).

In Nigeria, for instance, publishing firms face major problem of sourcing for potential suppliers which at times can be a strenuous experience, especially in instances where the local market cannot supply key materials. For instance, the packaging materials and paper sacks are globally sourced due to the nature of their specifications of which the local market is yet to meet (Ogbo, 2011). The challenge here is that the sources are limited against the international need which threatens the ability of the supply chain to enjoy the effects of economies of scale despite purchasing in bulk and negotiating for better offer (Bob, 2010). This approach does not only omit the additional supply chain costs incurred due to reduced flexibility and inefficiencies in responding to demand changes, but it doesn't consider additional risks such as currency fluctuations or political instability (Gardner, 2010). Moreover, there is stiff competition for the same resources from other buyers in the global market which complicate supplier relations, cultural differences and legal issues that always threaten to break the smooth operation of the supply chain (Bob, 2010).

According to a report by International Chamber of Commerce of Kenya (2014), over 70% of publishing firms operating in Kenya are embroiled in reactive management when sourcing abroad rather than strategically aligning and integrating their supply chain networks so as to add value to their company processes and transactions. As a result, sourcing globally is done casually, especially in publishing firms, leading to reduced benefits and losses due to online frauds, legal tussles and escalating administrative costs.

With reputation that dates back to early 1960s, the publishing industry in Kenya play a major role the economy and contribute millions as tax revenues. Publishing in Kenya has been on the rise with the growth of more local publishers. This has proved to be useful in reducing illiteracy levels, probably making the content of educational material better in a bid to change the industry in Kenya. Local publishers have tried to promote the spread of locally printed books not just in Kenya but even beyond its borders (Kenya Copyright Board, 2014).

In the past most of the publishing houses were subsidiaries of international companies but local companies have emerged on a large scale. However, in the recent past there have been concerns on how local books should be published when economic and political interests of multinationals dominate the environment (Kenya Copyright Board, 2014).

As a result, publishers in Kenya founded an umbrella body for publishers known as the Kenya Publishers Association (KPA) to enhance the state of the industry in Kenya. KPA has been instrumental in the fight for a national book policy which was introduced in 1998. It has also been on the forefront of organizing National Book fairs which are used as a trade promotion tool for local books (Kenya Copyright Board, 2014).

In addition, publishers under KPA collaborate with other international, regional and local organizations such as the International Publishers Association (IPA), African Publishers Reproduction Rights Society of Kenya), the Kenya Institute of Education (KIE) and the National Book Development Council (NBDC) among others. The National Book Development Council (NBDC) in particular seeks to encourage the development of a strong book industry and an entrenched reading culture in Kenya (Kenya Copyright Board, 2014).

Global sourcing entails strategic procurement with an international focus. It is the process of identifying, developing and utilizing the best source of supply for the enterprise, regardless of location (Miriam, 2012). In a more recent study by Trent & Monczka (2010), five levels of emergence towards global sourcing that most organizations follow include; organization does domestic buying but often progressing toward international purchasing because of lack of suitable domestic suppliers, the organization makes international purchasing part of the firm's sourcing strategy but the strategies are not well coordinated across worldwide buying sites and usually focus on price improvements, organization requires worldwide information systems, personnel with advanced knowledge and skill sets, an extensive coordination and communication mechanism and an organizational structure that supports global integration. This is the highest level of global sourcing.

Stability of currency enables the international trade to be easier while instability makes it more complex and introduces risk. If trade amounts to tens of millions of dollars, a 0.5% deviation of exchange rate could affect the effectiveness of global sourcing strategy and profitability of the whole supply chain. Moreover, 4% deviation could result in a disastrous end (Cook, 2006). Procurement leaders are not expected to be experts in currency strategy but as with most other areas of business skill, they need to know who to turn to for advice. In this case, the company treasury will be the source of expert knowledge on international currency rates (Bradley, Thomas, Gooley & Cooke, 2007)

The special regulations promulgated by governments also influence global sourcing directly and indirectly and often make it complicated. The main regulations impacting global sourcing are tariffs and quotas (Sowinski, 2011). Tariffs are taxes that government imposes on commodities, one of the methods that governments used to control economic activity. Tariffs affect global sourcing negatively. Tariffs are effective and widely used to protect the local industries from foreign competition. Non-tariff barriers (NTBs) to trade include import quotas, special licenses, unreasonable standards for the quality of goods, bureaucratic delays at customs, export restrictions, export subsidies, technical barriers to trade and rules of origin (Boyce & Thomas, 2009)

George *et al.,* (2009) in his journal, *The Essence of global sourcing*, concludes that the establishment of global sourcing is an exciting endeavor. Many companies source internationally for proven lower costs, then look to benefit from higher quality and lower total costs.

Longhorn Publishing Limited

Longhorn Publishers is a public limited liability company wholly-owned and run by Kenyans. It was incorporated in Kenya in May 1965 as Longmans of Kenya a wholly owned subsidiary of Longman Group International of the United Kingdom. At that time, it was mainly a sales promotion office handling Longman publications published in UK. In December 1969, the company changed name to Longman Kenya Limited. During the 1970s, a limited local publishing programme was started and, around the same time, a few Kenyans were invited to join the Board of Directors (Longhorn Kenya, 2015).

Following the opening up of Eastern Europe after the fall of the Berlin Wall, many multinationals shifted their focus from Africa to the new markets. In addition, in the 1990's, Kenya's then Minister for Education banned the importation of textbooks. This forced multinationals to consider other ways of supplying the Kenyan market, including licensing, which drastically reduced their margins (as compared to supplying stock). As a result, in the 1980s Longman UK sold 40% of its shareholding to Kenyans with a further 20% being sold in 1991. Finally, in 1993, Longman UK fully divested from the company when it sold its remaining 40% shareholding to Kenyans. As a result of this divestiture, the company changed its name to Longhorn Publishers Limited (Longhorn Kenya, 2015).

In 2006, Longhorn undertook a rebranding exercise aimed at revitalizing the company's image through the publishing of non-textbook reading materials. To this end, in 2007, the company launched its Sasa Sema Imprint after acquiring the intellectual property of Sasa Sema Publications Limited. Sasa Sema provides reference books, creative works, biographies and general knowledge books to cater for the unmet needs within the general readership space and thus provide a balanced diet. This initiative was in line with the company's strategy of diversifying its product range to Include books for general readership. Longhorn is the only publisher with full approval by the Ministry of Education in 12 key subjects for secondary and primary schools (Longhorn Kenya, 2015).

In October 1995, Longhorn Publishers Uganda Limited was incorporated in Uganda as a wholly-owned subsidiary of Longhorn Publishers Limited. Activities of the Kampala office are currently limited to sales promotion. Development of products for that market is carried out by the editorial department of Longhorn Kenya. Another subsidiary, Longhorn Publishers Tanzania Limited, was incorporated in May 2005. This is also run as a sales and promotions outfit for products developed by Longhorn Kenya. Some of the products are developed specifically for the Tanzania market. Longhorn entered the Rwanda market in 2009/2010. Longhorn however has no local presence in Rwanda and its affairs are handled by an agent. As such, Rwanda is purely an export market that is managed from Nairobi. Longhorn Publishers Limited vision is to be the number one provider of innovative learning solutions in Africa. The mission is to enrich lives through knowledge. Core values that drive the company are integrity, innovation, professionalism and get it done (Longhorn Kenya, 2015).

Statement of the Problem

World trade grew by 9% in 2006 and is expected to rise more than 6% annually over the next 10 years, almost twice as fast as world GDP. This has been attributed to increased savings to 10% of total procurement spend in organizations worldwide through cost reductions averaging 19% from 14% to 28% and total cost of ownership reduction s averaging 12%. Unfortunately, in most publishing firms globally; poor lead times, increased transportation and logistics costs, inappropriate information technology systems, stringent regulations and poor internal organization operations have contributed to poor performance (Spear, 2010).

In Sub-Saharan Africa the ratio of trade to GDP has been falling recording an annual growth of less than 2% compared to fast-integrating East Asia which posted an annual growth of 8% in the past 10 years until recently and is still well below its level of 20 years ago. The current shift toward oriented reforms and the beginning of systematic transformation has seen most firms including the publishing firms embrace global sourcing approach as the benefits are fulfilling (Ogbo, 2011).

According to a report by International Chamber of Commerce of Kenya (2014), over 70% of publishing firms operating in Kenya are embroiled in reactive management when sourcing abroad rather than strategically aligning and integrating their supply chain networks so as to add value to their company processes and transactions. As a result, sourcing globally is done casually, especially in publishing firms, leading to reduced benefits and losses due to online frauds, legal tussles and escalating administrative costs. MMC (2012) opined that Longhorn publishers faces persistent problems of; fluctuating costs of operations, obsolete technology applications, lengthened supply lead times, legal tussles and poor internal organizational operations. As a result of such challenges, a mismatch between global sourcing factors and performance is eminent, thus the study proposes to bridge the gap by assessing this relationship in publishing firms in Kenya.

Objectives of the study

The main objective of this study was to assess factors in global sourcing affecting performance of publishing firms in Kenya. The specific objectives were:

- To assess the effect of company finance on performance of publishing firms in Kenya.
- To establish the effect of information technology on performance of publishing firms in Kenya.

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory

The resource-based view holds that company assets are the primary input for overall strategic planning, emphasizing the way in which global competitive advantage can be derived via rare resources (David, 2011). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Kuncoro, 2006). In many ways, business strategy aims to achieve competitive advantage through the proper use of organizational resources. As a result, the resource-based view offers some insight as to what defines strategic resources and furthermore what enables them to generate above-average returns (profits) (Hitt, 2011). The resource-based view defines characteristics which make a competitive process sustainable. These characteristics are described as valuable, rare, inimitable, and non-substitutable (Ting & Cho, 2013).

On global sourcing, Sulastri (2006) opined that RBV approach is useful by employing various strategies in controlling inventories in the organization through optimal utilization and allocation to be more competitive and improve on performance. Similarly, RBV approach aims at properly allocating finances in the organization as finance is deemed to be the most critical resource to commit in global initiatives but also the least available in the implementation of global sourcing (Arbnor & Bjerke, 2009). Also, RBV enables information technology resource to be available in the organization as it acts as a catalyst for global initiatives in international trades (Ting & Cho, 2013). In addition, RBV provides the platform where well defined processes facilitate effective achievement of global supply chain objectives. This is an indication that resource-based view theory supports; company finance, Information Technology and organizational processes variables.

Regulation Theory

Regulation theory is a loose-knit body of empirically oriented, political-economic theory that originated in France in the 1970s, as part of the general effort then being made to overcome the limitations of Marxism's economic reductionism (Birou, 2013). It is sometimes referred to as the Parisian school of thought. The concepts necessary to overcome this reductionism are the following; 'regime of accumulation', which refers to the organization of consumption as well as that of production; 'mode of growth', which relates the regime of accumulation to the international division of labour; and 'mode of regulation', which refers to the national and international, institutional, and ideological framework which facilitates the reproduction of particular regimes of accumulation and modes of growth (Monczka & Trent, 2010; Swamidass, 2014).

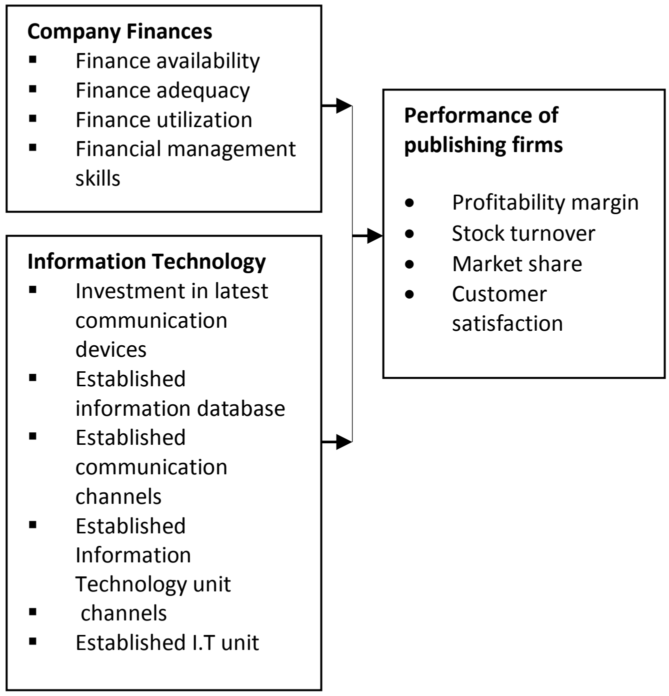
On global sourcing, Birou (2013) postulated that the regulation theory facilitates effective global sourcing activities to be carried out with the aid of robust communication channels and inclusion of strategic policies that guide how operations are undertaken to improve the overall performance in organizations. Similarly, Batson (2011) opined that regulation theory aims to ensure access to expertise, funds, information and time with minimal restrictions or limitations as they are deemed to be among critical factors that affect adoption of global sourcing in the international arena. Also, regulation theory enables all parties around the world to have access to the information required through investing in IT applications for effective negotiations to take place while undertaking global sourcing (Harris, 2012). In addition, Birou (2013) posited that regulation theory enable enactment of incentives or regulations before global sourcing decisions are made so as to ensure smooth operations while transacting among trading partners. This is an indication that regulation theory supports; company finance, Information Technology and trade regulation variables.

Systems Theory

Systems theory was proposed in the 1940's by the biologist Ludwig and furthered by Ross Ashby in Introduction to Cybernetics in 1956 (Harris, 2012). Systems approach theory explains how firms can share information while undertaking their day-to-day business activities (Wadhwa, 2010). IT systems enable firms to centralize key data and link it effectively to enable quick access to accurate information which in turn bolsters their performance (Dreyer, 2009). This system has enabled firms to accurately disseminate information on expected time of arrival so as to facilitate preparation for receipt and storage of consignments (Choy *et al.,* 2013)

On global sourcing, Auramo (2006) suggested that the system approach is useful in making information on products and the market as a whole readily available and accessible, and increases price transparency which enables customers to make more appropriate global sourcing decisions. Similarly, system approach facilitates account based transfer service between two final customers and between two different banks enabling the process to be tracked online (Scholes, 2006). In addition, system approach allows for regulation of information through publication of information on a single purchase or transaction, making the information readily accessible and available to all parties involved in global sourcing activities (Farrington, 2008). This is an indication that systems theory supports; Information Technology and trade regulation variables.

Conceptual Framework



Independent Variables Dependent Variables

Figure 1: Conceptual Framework

Company Finance

Company finance is the monetary value required for the undertaking of global sourcing initiatives (Arbnor & Bjerke, 2009). Company finance can promote or inhibit the translation of a global vision into effective practices. In Floricel & Miller (2007) view, the adequacy of required finance has the power to separate marginally performing from exceptionally performing global-sourcing organizations.

In global sourcing matters, Batson (2011) opined that access to expertise, funds, information and time are factors that affects adoption of global sourcing in the international arena. Similar findings were revealed in Christopher, Mena, Khan & Yurt (2011) in which company financial power, adaptation to technology and human resource competences were cited as some of the factors that inhibit adoption of global sourcing Singapore.

In African context, Gadde, Håkansson & Person (2010) established that inability of the companies to effectively utilize their finances is one of the most major barriers to adoption of global sourcing. This is also supported by Williamson (2009) in which failure of utilization of company finance over plan financial year was the deterrent to implementation of global sourcing for publishing industry in Tunisia.

As Arbnor & Bjerke (2009) reports finance is the most critical resource to commit in global initiatives, but also the least available, in the implementation of global sourcing. Batson (2011) study also established that statistical correlation between finance availability and poor utilization was higher compared to any other resource. According to Gadde *et al* (2010), since most companies depend on team members who have other commitments to make their input in funds utilization in global sourcing issues , an essential role of steering teamwork involves negotiating with head of departments to ensure that participants can commit the necessary time in global sourcing initiatives.

One theme that has consistently emerged among global sourcing companies in Rwanda is the availability of finance (International Chamber of Commerce Kenya (2014). In the same subject, using quantitative research approach, Swamidass (2014) established that one factor that is becomes most important in global sourcing matters and success was access to finance as well as right knowledge, skills and abilities to effectively undertake global sourcing. In comparable study in Kenya, participants ranked inadequate finance as the most serious factor in a dozen potential problems that affect global sourcing success in the manufacturing industry in Kenya (Mirriam, 2012).

In the same vibe, though in theoretical principle, Birou (2013) elucidates that knowledge, skills and competence needed for global sourcing differ dramatically from those required for site-based sourcing, and this represents a challenges in utilization of company fundsin the short term. As Gadde (2014) reports that while majority of companies have created decentralized supply structure that are proficient at managing transactions and material flows and tend to favor familiar supply sources, global sourcing however need individuals that can forecast supply markets from a worldwide perspective when collaborating across functional boundaries to ensure proper financial management.

Joram (2014) further posited that one of the most undoing for publishing companies operating in Kenya is their inability to cultivate the art and science of financial management. The author explains that for any firm to succeed in global sourcing, financial management remains paramount. Monczka & Trent (2010) adds that any company initiative that is based on financial management help critically. In global perspective, this often include financial expertise help when reviewing global contracts, technical help when evaluating potential supplier bids or help when evaluating supply sources.

Information Technology

In the global angle, leading companies have recognized information resource is important of all resources and it is good for a company to have all necessary information available before global initiatives even commences (Ting & Cho, 2013). According to Kotabe (2013), global sourcing requires variety of information from diverse and dispersed operating locations. The information required include knowledge of existing contracts and suppliers, supplier performances and capabilities, demand visa vie supply, product location, capabilities and capacity of potential suppliers, suppliers markets and internal requirements. Inadequate information on potential suppliers always results in dependence on one supplier, which may not be the best sourcing option and strategy (Mirriam, 2012).

A study by Jassawalla & Sashittal (2009) in Japan established that also an important aspect in global sourcing strategy is negotiations. Harris (2012) posits that all parties around the world should have ready access to the information required for the negotiation to take place. Further, as Swamidass (2014) explains, one of the most essential characteristic of a good purchasing database is that it should be well structured and contains all the relevant information necessary for global sourcing to take place. Swamidass states that these information should include; list of all existing contracts and suppliers, suppliers performance reports, consolidated purchasing volumes at the company level, information on the potential new suppliers and demands placed by company uses.

In South Africa, Genus (2007) revealed that two in every five companies operating in global sourcing processes in South Africa have incurred serious business losses because of failure to have all necessary information. Closer home, lack of strategic information and required databases when undertaking global sourcing was pointed out as one of the major hindrance to Ugandan companies in effectively adopting global sourcing strategies (Gadde, 2014). In Kenya, Joram (2014) explains that most companies do not have information support systems, market forecast analysts and both technical and information expertise in place before a company decides to venture into global business.

As Arbnor & Bjerke (2009) explains, while it seems obvious that access to information support analysis on a global level is achievable, the reality is that many companies struggle in this area. According to Hamel & Pralahad (2014), most companies are grown under merger and acquisition which are newly combined units that rarely have compatible contracts, information systems to support global sourcing.

International Chamber of Commerce Kenya (2014) explains that in the light that aggregate common requirements across buying units is important success factor in global sourcing, best in practice companies have address this issue by creating global data warehouses and contract repositories that use companywide coding schemes for easier aggregation of requirements and assigning a commodity to every major item and service required in their businesses. This facilitates efficient access to information when analyzing global sourcing issues for the company.

According to Jassawalla & Sashittal (2009), for advanced information support system, companies should collect data on every supply chain transaction at each operating location. Analysts in the company then can quickly identify worldwide usage requirements per commodity, compare supplier performances across locations, review the contracts in place and compare actual prices against contracted prices. As Mirriam (2012) further content, well inbuilt information system thus validates the savings that should be realized in global sourcing agreements.

Performance of Publishing Firms

Performance is defined as an output which is aligned to the objectives of a firm in terms of profitability, stock turnover, market share, investment expenditure and customer satisfaction (Neely, 2005). Performance can be measured using output control by using qualitative and quantitative indicators (Loppacher, 2010). Basically, performance measurement can be defined as the process of quantifying the efficiency and effectiveness of an action (Gunasekaran, 2007). Effectiveness is the extent to which a customer's requirements are met and efficiency measures how economically a firm's resources are utilized when providing a pre-specified level of customer satisfaction (Sheperd, 2006). The development of metrics for evaluating performance is often followed by the identification of KPI's (Cai, 2009). Global sourcing is currently believed to be a common phenomenon (Ting & Cho, 2013). Drawing form a recent survey, it is established that the rate at which companies adopt global sourcing across the world increases by 4% every year contributing to increased savings thus bolstering the overall performance (Swanidass, 2014).

Publishing firms should employ various strategies in controlling inventories in the organization through optimal utilization and allocation to be more competitive and improve on performance in terms of stock turnover (Sulastri, 2006). Similarly, publishing firms should properly allocate finances in the organization as finance is deemed to be the most critical resource to commit in global initiatives but also the least available in the implementation of global sourcing to bolster performance in terms of profitability margins (Arbnos & Bjerke, 2009).Also, publishing firms should ensure all parties around the world to have access to the information required through investing in IT applications for effective negotiations to take place while undertaking global sourcing to improve performance in terms of increased market share (Harris, 2012). In addition, publishing firms should employ system approach so as to facilitate account based transfer service between two final customers and between two different banks enabling the process to be tracked online which in turn bolsters performance in terms of increased customer satisfaction (Scholes, 2006)

Empirical Literature

In the study on the factors affecting global sourcing on performance of convenience stores in Canada, Roumiantsev (2008) empirically examined the relationship between; language barrier, time differences and organization capital as independent variables and performance of convenience stores as dependent variable. The findings of the study indicated a positive relationship between independent variables and dependent variable.

In the study on the impact of global sourcing on performance of manufacturing firms in Germany, Rajeev (2010) empirically examined the relationship between; inventory control, IT application and demand management as the independent variables and performance of manufacturing firms as the dependent variable. The findings indicated a positive relationship between independent variables and dependent variable.

In the study on the effects of global sourcing on performance of logistics service providers in Japan, Eroglu (2011) empirically examined the relationship between, organizational collaboration, payment management and trade regulation as independent variables and performance of logistics service providers as the dependent variable. The findings indicated a positive relationship between independent variables and dependent variable.

In the study on the factors influencing global sourcing on performance of small medium enterprises in Malaysia, Koumanakos (2008) empirically examined the relationship between; price fluctuation, tariffs & non-tariffs and organizational processes as independent variables and performance of small medium enterprises as dependent variable. The findings indicated a positive relationship between independent variables and dependent variable.

METHODOLOGY

This study adopted descriptive research design. Descriptive design was appropriate because it involved collecting data in order to answer pertinent questions concerning the current status of subjects under study (Mugenda, 2003). The research design provided facts and suggestions on major connections between the variables by answering the research questions where the results were generalized for all publishing firms in Kenya. The study focused on 180 employees working at Longhorn publishers as; directors, head of departments, ICT officer, supply chain officer and logistics officer. The study focused on 112 employees as the target population. The sampling frame used was the human resource register at Longhorn publishers in Kenya.

This study adopted stratified sampling technique which is defined by Kothari (2012) as a sampling technique used when a population from which a sample is drawn does not constitute a homogenous group. This is the case since the study had subgroups or strata which were heterogeneous in target population whose response was important in achieving the objectives of the study. This was because the formula gave a leeway of an error made within the desired level of confidence at 95%, hence obtaining reliable results. The study sample was 53 respondents.

Structured questionnaires containing both open-ended and close-ended questions were used to collect primary data that assisted the researcher to get reliable information by seeking opinion from the respondents as they were cheap since the respondents were not geographically dispersed but located in the same organization and adequate time was provided to give well thought answers.

The questionnaires for the study were designed and distributed to different respondents through hand delivery, as they were cheap since the respondents were found within the same organization. They were provided with ample time to critically analyze their responses and deliver genuine information before the questionnaires were collected later on for analysis. Expert opinion was used to check the content and format of the instrument to ensure objective questions were included in the instrument which was the questionnaire by pre-testing it in order to identify and change the ambiguous questions and techniques.

Data from closed and open-ended questions in the questionnaire was coded and entered into the computer using statistical package for social science (SPSS) version 20. The study used Analysis of Variance (ANOVA) to test the level of significance of the variables on the dependent variable at 95% level of significance.

DATA ANALYSIS AND INTERPRETATIONS

The study targeted a sample size of 53 respondents where 49 filled in and returned the questionnaires making a response rate of 89%. A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved sampling respondents in various strata in the organizations. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing that certain items within a scale measures the same construct.

Demographically, the study requested the respondent to indicate their age category. From the findings, it was found that most of the respondents 45.7% were aged between 30 to 40 years, 31.4% of the of the respondents were aged between 25 to 30 years, 12.8% were aged between 18 to 25 years and 10.1% of the respondents were aged above 40 years. This is an indication that majority of the respondents who were aged between 30 - 40 years had wide experience thus abled to give accurate and reliable responses for this research. The study requested the respondents to indicate their highest level of education. It was established that 48.3% of the respondent indicated their highest level of education as undergraduate degree, 34.6% of the respondents indicated their highest level of education as diploma whereas 17.1% of the respondents indicated their highest level of education as master's degree. This is an indication that most of the respondents had undergraduate degree thus able to give accurate and reliable responses for this research in relation to factors on global sourcing affecting performance of publishing firms in Kenya. Respondents were requested to indicate their current position in the organization, from the research findings, the study established that most of the respondents 38.6% held positions of logistics officers, 21.4% of the respondents held position of supply chain officers, 17.8% of the respondents held position of ICT officers, 14.5% of the respondents held the position of head of departments whereas 7.7% of the respondents held position of directors. On duration of service, the study found that 32.2% of the respondents had served the organization for 15 - 20 years, 30.8% of the respondents indicated that they had served the organization for 0 - 5 years, 26.6% of the respondents indicated that they had served the organization for a period of 5 to 10 years whereas 10.4% of the respondents indicated that they had served the organization for a period of 10 to 15 years. This implied that majority of the respondents had served the company for duration of 15 to 20 years which was a considerable period of time and thus were in a position to give accurate and reliable information relating to this research.

Company Finance

Influence of company finance on performance of the organization

The study sought to determine whether company finance influence performance of the organization. From the research findings, majority of the respondents 84.6% agreed that, company finance influenced performance of the organization whereas 15.4% of the respondents were of the contrary opinion. The study also established that company finances supported organizational performance as resources needed to achieve set targets may not be procured if funds were not adequate. The findings are in line with the findings by Batson (2011) who opined that access to expertise, funds, information and time are factors that affects adoption of global sourcing in the international arena.

Elements relating to company finance in the organization

The study also sought to establish the extent to which respondents agreed with the below elements relating to company finance in the organization, from the research findings, majority of the respondents strongly agreed that; inadequate finance affects global sourcing activities and initiatives by a mean of 4.84 and a standard deviation of 0.64, global sourcing initiatives suffer from inadequate funds due to budget deficits by a mean of 4.41 and a standard deviation of 0.65, poor utilization of finance often affect global sourcing by a mean of 4.67 and a standard deviation of 0.41 and lack of financial management skills affects global sourcing activities and initiatives by a mean of 4.36 and a standard deviation of 0.39. The above findings are in line with the findings by Arbnor & Bjerke, 2009 who posited that company finance is the monetary value required for the undertaking of global sourcing initiatives. Company finance can promote or inhibit the translation of a global vision into effective practices. Similarly findings by Floricel & Miller, 2007 indicated that adequacy of required finance has the power to separate marginally performing from exceptionally performing global-sourcing organizations.

Information Technology

Influence of Information Technology on performance of the organization

The study sought to determine whether Information Technology influenced performance, from the research findings, majority of the respondents by 80.6% agreed that, Information Technology influence performance whereas 19.4% of the respondents were of the contrary opinion. The study also established that Information Technology provided feedback on the performance of the company and helps in determining corrective actions to be taken. The above findings are in line with the findings by Ting & Cho (2013) who opined that, in the global angle, leading companies have recognized information resource is important of all resources and it is good for a company to have all necessary information available before global initiatives even commence.

Elements relating to Information Technology in the organization

The study also sought to establish the extent to which respondents agreed with the below elements relating to Information Technology in the organization. From the research findings, majority of the respondents strongly agreed that; global sourcing activities are impended by use of obsolete technology by a mean of 4.69 and a standard deviation of 0.30, there lacks effective information database to support company global sourcing activities by a mean of 4.27 and a standard deviation of 0.64, global sourcing activities are affected adversely due to poor communication channels by a mean of 4.85 and a standard deviation of 0.22 and there lacks fully fledged information technology and this negatively affects global sourcing communication by a mean of 4.42 and a standard deviation of 0.28. The above findings are in line with the findings by Jassawalla & Sashittal (2009) who suggested that for advanced information support system, companies should collect data on every supply chain transaction at each operating location. Analysts in the company then can quickly identify worldwide usage requirements per commodity, compare supplier performances across locations, review the contracts in place and compare actual prices against contracted prices. Similarly findings by Mirriam (2012) indicated further content, well inbuilt information system thus validates the savings that should be realized in global sourcing agreements.

Performance of Publishing Firms in Kenya

Whether performance was adequately measured in the organization

The study sought to determine whether performance was adequately measured in the organization. From the research findings, majority of the respondents by 90.8% agreed that, performance was adequately measured in the organization whereas 9.2% of the respondents were of the contrary opinion. The study also established that performance is measured on KPI's such as on-time-in-full and sales forecast accuracy which are set annually and reviewed biannually and the whole organization is appraised online at the end of the year. The above findings are in line with the findings by Cai (2009) who posited that the development of metrics for evaluating performance is often followed by the identification of KPI's.

Elements relating to performance in the organization

The study also sought to establish the extent to which respondents agreed with the below elements relating to performance in the organization, from the research findings, majority of the respondents strongly agreed that; employing various strategies in controlling inventories sourced in the organization which in turn improves on performance in terms of increased stock turnover by a mean of 4.17 and a standard deviation of 0.42, proper allocation of finances in the organization which in turn improves on performance in terms of increased profitability margins by a mean of 4.46 and a standard deviation of 0.56, accessibility to information required through IT applications which in turn improves on performance in terms of increased market share by a mean of 4.69 and a standard deviation of 0.35 and facilitation of account-based transfer service between two final customers and banks which in turn improves on performance in terms of increased customer satisfaction by a mean of 4.63 and a standard deviation of 0.48. The above findings are in line with the findings by Neely (2006) who opined that supply chain performance refers to the overall output across the supply chain link which is aligned to the objectives of a firm in terms of profitability, stock turnover, market share, investment expenditure and customer satisfaction.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings

Company Capital

On company capital, the study revealed that a unit increase in company capital would lead to an increase in performance by a factor of 0.468 at a significance level of 0.024. The study also established that, inadequate finance affects global sourcing activities and initiatives by a mean of 4.84 and a standard deviation of 0.64, global sourcing initiatives suffer from inadequate funds due to budget deficits by a mean of 4.41 and a standard deviation of 0.65, poor utilization of finance often affect global sourcing by a mean of 4.67 and a standard deviation of 0.41 and lack of financial management skills affects global sourcing activities and initiatives by a mean of 4.36 and a standard deviation of 0.39. The above findings are in line with the findings by Arbnor & Bjerke, (2009) who posited that company finance is the monetary value required for the undertaking of global sourcing initiatives. Company finance can promote or inhibit the translation of a global vision into effective practices. Similarly findings by Floricel & Miller, (2007) indicated that adequacy of required finance has the power to separate marginally performing from exceptionally performing global-sourcing organizations.

Information Technology

On Information Technology, the study revealed that a unit increase in Information Technology would lead to an increase in performance by a factor of 0.287 at a significance level of 0.018. The study also established that, global sourcing activities are impended by use of obsolete technology by a mean of 4.69 and a standard deviation of 0.30, there lacks effective information database to support company global sourcing activities by a mean of 4.27 and a standard deviation of 0.64, global sourcing activities are affected adversely due to poor communication channels by a mean of 4.85 and a standard deviation of 0.22 and there lacks fully fledged information technology and this negatively affects global sourcing communication by a mean of 4.42 and a standard deviation of 0.28. The above findings are in line with the findings by Jassawalla & Sashittal (2009) who suggested that for advanced information support system, companies should collect data on every supply chain transaction at each operating location. Analysts in the company then can quickly identify worldwide usage requirements per commodity, compare supplier performances across locations, review the contracts in place and compare actual prices against contracted prices. Similarly findings by Mirriam (2012) indicated further content, well inbuilt information system thus validates the savings that should be realized in global sourcing agreements.

Performance of Publishing Firms

The study also established that, employing various strategies in controlling inventories sourced in the organization which in turn improves on performance in terms of increased stock turnover by a mean of 4.17 and a standard deviation of 0.42, proper allocation of finances in the organization which in turn improves on performance in terms of increased profitability margins a mean of 4.46 and a standard deviation of 0.56, accessibility to information required through IT applications which in turn improves on performance in terms of increased market share by a mean of 4.69 and a standard deviation of 0.35 and facilitation of account-based transfer service between two final customers and banks which in turn improves on performance in terms of increased customer satisfaction by a mean of 4.63 and a standard deviation of 0.48. The above findings are in line with the findings by Neely (2006) who opined that supply chain performance refers to the overall output across the supply chain link which is aligned to the objectives of a firm in terms of profitability, stock turnover, market share, investment expenditure and customer satisfaction.

Conclusions of the study

Company Capital

From the research findings, the study established that company finances supports organizational performance as resources needed to achieve set targets may not be procured if funds are not adequate. Therefore the study concluded that company capital had a positive influence on performance of publishing firms in Kenya.

Information Technology

Similarly, the study established that Information Technology provides feedback on the performance of the company and helps in determining corrective actions to be taken. Therefore the study concluded that Information Technology had a positive influence on performance of publishing firms in Kenya.

Recommendations of the study

Based on the findings, the study recommends that the management of publishing firms should ensure that there is adequate company finance that supports organizational performance as resources needed to achieve set targets may not be procured if funds are not adequate. There is need for management to adopt proper Information Technology that provides feedback on the performance of the company and helps in determining corrective actions to be taken.

Further areas of research

Since the study was on the factors on global sourcing affecting performance of publishing firms in Kenya. The study recommends that similar and other studies be conducted in other publishing firms in Kenya for comparison purposes and to allow for generalization of findings. The study recommends that other factors accounting need to be established and there effects assessed as well.

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