

**INFLUENCE OF MULTINATIONAL CORPORATIONS' TRANSNATIONALITY ON
HUMAN RESOURCE DEVELOPMENT IN THE GLOBAL SOUTH: THE CASE OF
DIAGEO'S EAST AFRICAN BREWERIES IN KENYA**

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SEPTEMBER, 2022

DECLARATION

Student's Declaration

I certify that this research project has not been submitted to any other university for credit and is my original work.

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Declaration by the Supervisor

I confirm that the work in this research project was carried out by the student under my supervision

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DEDICATION

This study is dedicated to my parents, husband and children.

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Many thanks go to Dr. Martin Ouma, my supervisor. Additionally, I want to express my gratitude to the participants in the empirical study and the colleagues who offered helpful criticism on prior versions of this project. Additionally, I want to thank my entire family for their assistance during the entire study period.

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LIST OF ABBREVIATIONS

CSR	:	Corporate Social Responsibility
EAC	:	East African Community
HR	:	Human Resource
HRD	:	Human Resource Development
HRM	:	Human Resource Management
LDCs	:	Less Developed Countries
LTD	:	Limited
MNC	:	Multinational Corporations
NGO	:	Non-Governmental Organization
UN	:	United Nations

ABSTRACT

As multinationals expand across borders, the desire to enhance efficiency is often accompanied by the quest to coordinate and control operations across geographies. To achieve this, MNCs diffuse organizational norms in their operational spaces in order to enhance their competitive advantage. However, while enough similarities exist between multinationals and their parent companies in as far as human resource standards are concerned, the human resource influences by the parent corporation of multinational subsidiaries are influenced by the national physiognomies of the milieu in which they run. In Africa, MNC's human resource management has been underpinned by sheer complexity and diversity owing to the diverse rules, regulations and laws guiding corporate human resource standards in diverse African nations. Using Diageo's East African Breweries in Kenya, this study evaluates the impact of transnational multinational firms on the development of human resources in the Global South. Specifically, the study evaluates the impact of EABL on human resource development; assesses the impact of EABL's labor entrants' human resource development programs on the Kenyan labor market; and assesses the impact of EABL's CSR programs on the Kenyan labor market. Using the norm evolution theory and a pragmatic research design, the study finds that Diageo's East African Breweries Limited's is critical to human resource development in Kenya through the use of training programmes to assimilate recruits and train existing staff. The multinational also has a programme to train and absorb graduate trainees. Additionally, the MNC uses Corporate Social Responsibility programmes to empower communities through sponsorship of needy but bright students. The study concludes that MNCs enhance HR development through in-house training as well as scholarships.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background of the Study

Multinational corporations have become a force to reckon with in the current globalized world as global giants such as Coca Cola, Pepsi, Diageo, Vodafone, tech giants such as Samsung, Huawei and Apple; and retail giants such as Woolworths and Carrefour. Coming into vogue as a precursor, catalyst and product of globalization, they have become household names across the Globe¹. As these multinationals expand across borders, the desire to enhance efficiency is often accompanied by the quest to coordinate and control operations across geographies. To achieve this, multinational corporations diffuse organizational norms in their operational spaces. This is hinged upon the premise that the standardization and adaptation of organizational norms in various local contexts where the multinational's branches are domiciled enhances their competitive advantage.²

In regards to the norm-cascade of human resource management standards, this adaptation however tends to take a local angle. In Pakistan for instance, a study examining the 'culture-sensitive' view of human resource norm cascade found out that while multinational corporations tend to standardize their human resource norms to those found in the parent corporation of multinational subsidiaries, in practice, the organizational cultural outlooks certainly are not up to the parent company's standards due to the adaptation of these human resource standards to local norms. As such, while enough similarities exist between multinationals and their parent companies in as far as human resource standards are concerned, the human resource influences of the parent corporation of multinational subsidiaries are influenced by the national physiognomies of the milieu in which they run.³

In Africa, Multinational Corporation's human resource management has been underpinned by sheer complexity and diversity owing to the diverse rules, regulations and laws guiding corporate

¹ Fieldhouse, David. "'A New Imperial System'? The Role of the Multinational Corporations Reconsidered." Frieden, Jeffrey A. and David A. Lake. *International Political Economy*. 4th. London: Routledge, 2002. 177-189

² Almond, Phil, Tony Edwards, Philipp Kern, Kyoungmi Kim, and Olga Tregaskis. "Global norm-making processes in contemporary multinationals." *Human Resource Management Journal* (2021).

³ Khilji, Shaista E. "To Adapt or Not to Adapt' Exploring the Role of National Culture in HRM-A Study of Pakistan." *International Journal of Cross Cultural Management* 3, no. 1 (2003): 109-132.

human resource standards in diverse African nations. According to Harvey, this is pegged on the history of leadership in African nations after decolonization, the colonial past of various countries, and the disparities in infrastructure, economics, and culture among African states within these same countries⁴.

This can be seen in Nigeria where a similar study noted that there is a convergence of human resource norms. Drawing on findings from a sample of a hundred and eighty-five human resource management professionals in various corporations in Nigeria, the study found out that while multinationals borrow human resource standards from their parent companies, in practice human resource managerial practices reflect both generalized or standardized practices and localized practices.⁵

Therefore, this study aimed to investigate how multinational firms' transnationality affected the growth of human resources in the Global South.

1.1.1 Diageo's East African Breweries in Kenya

Principally involved in the manufacturing, packing, and marketing of alcoholic beverages, Diageo's EABL is Kenya's largest liquor manufacturing company. The multinational corporation has a product portfolio ranging from beer to spirits as well as non-alcoholic beverages. The multinational corporation has an annual turnover of over US\$600 million and a substantial share in East Africa's beer market.

Diageo's East African Breweries Limited (EABL) can be traced to the year 1922 when the Kenya Breweries Limited (KBL) was established by George and Charles Hurst. In 1936, KBL acquired company acquired Tanganyika Breweries Limited, an acquisition that led to the name change to the East African Breweries Limited. With the incorporation of Guinness East Africa into EABL's fold in 1965, the EABL has been the biggest player in Kenya's beer industry. Currently, Diageo's EABL constitutes five subsidiaries; the East Africa Maltings Limited, the

⁴ Harvey, Michael. "Human resource management in Africa: Alice's adventures in wonderland." *International Journal of Human Resource Management* 13, no. 7 (2002): 1119-1145.

⁵ Anakwe, Uzoamaka P. "Human resource management practices in Nigeria: Challenges and insights." *International Journal of Human Resource Management* 13, no. 7 (2002): 1042-1059.

Kenya Breweries Limited, the UDV Kenya Limited the Uganda Breweries Limited, and the East Africa Breweries International.

Employing more than a thousand personnel, the multinational corporation is a significant human resource corporate in Kenya and the region. Additionally, Diageo's East African Breweries Limited (EABL) has been cited as the best corporate entities' workplace for in Deloitte's 2012 survey of Kenya's corporate landscape⁶. As such, the multinational is an important entry point in understanding that human resource norms cascade from the Northern Hemisphere to the Southern Hemisphere.

1.2 Problem Statement

In the post-Second World War global milieu, there has been a high proliferation of non-state actors influencing global, regional and local forces beyond the ambit of governmental control. These relations have largely been in the domain of trade, personal contact, and communication. According to Keohane and Nye, the aptitude of these non-state actors to operate as global or transcontinental actors can be traced to the inherent human nature of human beings identifying themselves and their welfares with corporate bodies rather than the nation-state⁷.

As non-state actors, multinational corporations have been pertinent to the fast mutating nature of the global political economy through actions permeating local and regional economic factors⁸. However, while scholarship tends to examine the utility of non-state actors within liberal and Marxian lenses of macroeconomic benefits to the host state and the critical analysis of predatory economics respectively, the influence of multinational corporations in the labour market remains insufficiently examined. Moreover, international relations scholars have been unable to fully grasp the holistic utility of multinational enterprises (MNEs) as trendsetters in labour market standards and practices given their importance in the labour markets in the Global South as well as the resources they control.

⁶ East African Breweries Limited. 2015. *Latest Awards and Recognitions*. <https://www.eabl.com/media-centres>.

⁷ Keohane, Robert O. and Joseph S. Nye. "Transnational relations and international organizations." *World Politics* 27.1 (1974)

⁸ Jarvis, Darryl S.L. "Multinational enterprises, international relations and international business: reconstituting intellectual boundaries for the new millennium." *Australian Journal of International Affairs* 59.2 (2005): 201-223

In lieu of the foregoing, this study sought to assess the influence of multinational corporations' transnationality on human resource development in the Global South using Diageo's East African Breweries in Kenya as the case study. Specifically, the study sought to; first, assess the influence of the EABL on human resource development; secondly, evaluate the influence of the EABL's labour entrants' human resource development programmes on the Kenyan labour market; and thirdly, analyze the influence of the EABL's CSR programmes on the Kenyan labour market.

1.3 Research Questions

- i. What is the influence of Diageo's East African Breweries Limited on human resource development in Kenya?
- ii. What is the effect of Diageo's East African Breweries Limited's labour entrants' human resource development programmes on the Kenyan labour market?
- iii. What is the influence of Diageo's EABL's CSR programmes on the Kenyan labour market?

1.4 Objectives of the Study

1.4.1 Overall Objective

To assess the influence of multinational corporations' transnationality on human resource development in the Global South using Diageo's East African Breweries in Kenya as the case study

1.4.2 Specific Objectives

- i. To assess the influence of Diageo's East African Breweries Limited on human resource development in Kenya
- ii. To evaluate the influence of Diageo's East African Breweries Limited's labour entrants' human resource development programmes on the Kenyan labour market
- iii. To analyze the influence of Diageo's EABL's CSR programmes on the Kenyan labour market.

1.5 Scope and Limitations of the Study

The study mainly focused on the influence of multinational corporations' transnationality on human resource development in the Global South. The study was limited to Diageo's East African Breweries Limited and its influence on human resource development in Kenya. The time period under study is 2005-2010. Limitations of this study emanated from distrust from respondents as well as limited information on the issue area. To compensate, the researcher will triangulate data on the influence of multinational corporations' transnationality on human resource development in the Global South.

1.6 Literature Review

1.6.1 Multinational Corporations and Human Resource Development in Host Countries

Foreign direct investment has been touted as a panacea of addressing Africa's economic challenges. In the realm of human resource development, some scholars have argued that multinational corporations adopt human resource strategies that reflect their national origins. Analyzing the human resource strategies and practices of over a thousand subsidiaries of multinational corporations in Ireland, Canada, the United Kingdom and Spain, Edwards et al argue that while there are system effects at the global level that dominate the influence of multinational corporations on the human resource development in host countries, the overriding influence is through the diffusion of practices from the dominant economy of the mother country. These dominant human resource influences permeate through the unvarying best practices across the globe before being adapted to their national organizational contexts⁹.

While Edwards *et al's* thesis on the norm cascade through the diffusion of dominant practices from the global level are important, they negate to explore the influence of human resource skills development at the host country level and how this influences the development of human resource skills, norms and standards. In this regard, this study will address this lacuna by exploring the influence of multinational corporations on human resource development.

⁹ Edwards, Paul K., et al. "Human Resource Management Practices in The Multinational Company: A Test of System, Societal, And Dominance Effects." *International Labour Review* 66.3 (2013): 588-617

Another scholar who explores the role of multinationals in human resource development in host countries is Mallampally who opines that multinational corporations are critical in human resource development in their host countries as they routinely engage in training and other forms of learning to all categories of workers. Mallampally further argues that this is however predicated on the size of the multinational corporation in question as well as the scope of its market. Moreover, larger multinational corporations are able to deliver considerable formal and informal learning opportunities to their labour force. Additionally, the evolutionary nature of the market may necessitate the need to learn new or different production and management methods¹⁰.

Mallampally's observations are critical in understanding the contextualization of human resource development by multinationals in their host countries. Bearing in mind the dearth of literature on the nature of multinationals and their human resource integration strategies in Kenya, there is a study to examine the contextualization of the same with Kenyan multinationals. This study will examine the EABL's commitment to training in Kenya and the contextualization of Diageo's training packages throughout the multinational corporation's value chain in Kenya.

Myloni, *et al.* found that subsidiaries adapt their human resource management practices to a substantial degree, even though a number of practices are more localized than others. Drawing their research on the Greek experience, Myloni, *et al.* are of the view that multinational corporations barely transfer the human resource approaches that do not augur well with the Hellenic culture or are dissimilar to national labour regulations. On the other hand, Myloni, *et al.* further postulates that , significant cultural changes on the best labour practices often penetrate the host country beyond the institutional environment¹¹. Myloni *et al.*'s theses are thus important in examining how the skillset distributed by a multinational's subsidiaries permeate the host country beyond the subsidiaries themselves. In bridging this gap, the study will explore various EABL's training programmes such as the graduate trainee programmes and how they contribute to Kenya's human resource development.

¹⁰ Mallampally, Padma. "Transnational corporations and human resource development." *Prospects* 27 (1997): 55-76

¹¹ Myloni, Barbara, Anne- Wil K. Harzing and Hafiz Mirza. "Host country specific factors and the transfer of human resource management practices in multinational companies." *International Journal of Manpower* 25.6 (2004): 518-534

In assessing the consequences for human resource management practices of central facets of multinational corporations, Ferner found that they considerably influence the degree and scope of cross-national synchronization of human resource policies. However, there is inconclusive evidence of the influence of the human resource practices of multinationals on the national human resource cultures of 'host' countries.¹² According to Ferner however, this data is largely based on a huge bias on American and Japanese multinationals hence the need for further research to redress this overwhelming concentration on American and Japanese multinational corporations.

McDonnell, et al. noted that the originating country of the multinational corporation in question also matters. Drawing on a large-scale survey of two hundred and sixty Irish multinational corporations, McDonnell, et al. finds that the human resource practices adopted by multinational corporations from highly globalized economies resemble those from industrializing countries. However, there is an increasing movement to the adoption of global best practices in human resource management and development¹³.

Echoing similar sentiments, Huang finds that international investment by multinational corporation not only entails the movement of capital to the host country of the subsidiary in question but also the spread of corporate cultures such as human resource culture and practices to host countries. This is so largely due to the fact that multinational corporations seek to pursue the maintenance of a managerial consistency among its subsidiaries. As such, a multinational corporation will attempt to transplant its human resource development practices and systems to any country in which it invests¹⁴.

However, there is a gap in the veracity of the same with regards to the human resource development beyond the institutional level. Bearing in mind the role of EABL as a leading

¹² Ferner, Anthony. "Multinational Companies and Human Resource Management: an Overview of Research Issues." *Human Resource Management Journal* 4.3 (2007): 79-102

¹³ McDonnell, A., J. Lavelle and P. Gunnigle. "Human Resource Management in Multinational Enterprises: Evidence from a Late Industrializing Economy." *Management International Review* 54.3 (2014): 361-380.

¹⁴ Huang, Tung-Chun. "Human Resource Management Practices at Subsidiaries of Multinational Corporations and Local Firms in Taiwan." *International Journal of Selection and Assessment* 8.1 (2000)

employer in Kenya, there is a need to explore how the adoption of international and Western human resource standards influence the human resource development in Kenya.

Schober further argues that the multinational corporation's organizational culture also matters. Drawing on the actor-related model, the author argues that institutional human resource management practices act as critical in the transfer process of human resource development practices from the global North to the Global South¹⁵. Bearing in mind the lack of knowledge on the extent to which these local mind-sets, preferences and resistances influence the adoption, hybridization or adaptation of EABL's parent company's human resource skillsets, there is a need to examine the same and the measures taken to enhance the human resource development endeavours carried out by the EABL. Miah and Hasnin found that the human resource practices of the subsidiaries in question were more strongly influenced by the human resource practices of Japan than by those of Bangladesh¹⁶.

In Kenya, studies on EABL have noted the role of strategic change and how it influences human resource development. Maundu for instance notes that the Kenyan market is increasingly influenced by the dictates of globalization underpinned by a turbulent and dynamic environment. As such, in the company's quest for strategic change, the organization has sought to enhance the skillset of its human resource to ensure its existence and endurance in the long run.¹⁷ However, while this study offers us an entry point to understanding the role of human resource development in strategic change, it negates to explore the influence the same has on human resource development at the macro level.

¹⁵ Schober, Christian. *Transfer of Human Resource Management Practices within US Multinational Companies: A 3 Country Case Study*. PhD Thesis. Fribourg: University of Fribourg (Switzerland), 2016

¹⁶ Miah, Mohammad Khasro and Noor E. Hasnin. "Home and Host Country effect on Human Resource Management Practices: A Comparative Study." *Asian Journal of Business and Management* 4.2 (2016)

¹⁷ Maundu, M. 2015. "Strategic Change Management At East African Breweries Limited, Kenya". Nairobi: University of Nairobi. *Unpublished Thesis*

1.6.2 Influence of Multinational Corporations' Labour Entrants' Human Resource Development Programmes

With regard to the influence of multinational corporations on labour entrants' human resource development programmes, Mallampally is of the view that these corporations make a substantial influence on human resource improvement predominantly in the Global South through the areas of education and training. In education, their part is largely restricted to direct or indirect ventures in the delivery of tertiary-level education, particularly in business management. Another role of MNCs in the improvement of human resources emanates from the training and other learning opportunities that they offer to their staff in various forms. In countries in the Global South, such training may be critical for new labour entrants in which prospects for obtaining vocational, technical and management skills are limited¹⁸.

Anjum discovered that internship programs as part of employee development programs carried out by multinational corporations had an impact on the career and skill growth of Pakistani business students in a study assessing the influence of attachment programs on the enhancement of the skills of business school students in Pakistan, enhancing their personal improvement, abilities and competences¹⁹.

These sentiments are further echoed by Jiboku who postulates that the quest for skills transfer to the labour force as a critical factor of production essential for socio-economic alteration in countries in the Global South and predominantly in sub-Saharan Africa partly elucidates the effort by these countries to request FDI by MNCs who are touted as the guardians of modern aptitudes and technology in the 21st century globalized world. Jiboku finds that there is incongruence in the multinational corporation's skills development practice and national aspirations²⁰.

These studies are critical in helping us understand the entry point of multinationals in shaping the skillsets of new labour entrants. However, as can be seen from Mallampay and Anjum, there is a

¹⁸ Mallampally, Padma. "Transnational corporations and human resource development." *Prospects* 27 (1997): 55-76

¹⁹ Anjum, Sadia. "Impact of internship programs on professional and personal development of business students: a case study from Pakistan." *Future Business Journal* 6 (2010)

²⁰ Jiboku, Joseph O. "Skills development within Nigeria's multinational corporations." *African Identities* (2021)

bias in business-management-trained labour entrants. In examining the EABL's labour entrants' development programmes, this study will seek to explore the extent of the biases underpinning multinationals' human resource development.

In studies on the EABL, scholars such as Bireha find that the human resource programmes focusing on new entrants were a critical facet of EABL's workforce diversity.²¹ Bireha's thesis is critical in understanding how external approaches to human resource selection enhance workplaces. However, this study negates exploring the human resource skills cascade beyond the institution in question. This study will bridge the gap.

1.6.3 Influence of Multinational Corporations' Corporate Social Responsibility Programmes on Host Countries' Labour Markets

Critiquing the corporate social responsibility model influence on the labour development in host countries, Brancua and Bibua are of the view that multinational corporations that created sufficient training regimens for the host countries labour markets was largely as a result of their "resource seeking" strategy²². Brancua and Bibua's thesis is critical in offering an analytical lens to multinationals CSR. However, bearing in mind the market dominance of EABL coupled by the entry into the market of new labour entrants, there is a need to explore how EABL's CSR programmes on labour development develop human resources and to which extent.

Yu, et al. examined the expectations of corporate social responsibility regarding the impact of the country of origin in the decision of a multinational corporation's human resource strategy, including transplantation, localization, and a mixed human resource development approach, in examining the influence of corporate social responsibility programs among multinationals based in Korea.²³ Engle, argues that actor cultural orientation including the multinational corporation's organizational culture and the beliefs and attitudes of the multinational corporation's heads

²¹ Bireha, A. 2014. "Embracing Diversity: Roles And Responsibilities Of The Human Resource Management: A Case Study Of East African Breweries Limited". United States International University. *MA thesis*

²² Brancua, Laura and Nicolae Bibua. "The impact of multinational companies on the employment in Romania." *Procedia - Social and Behavioral Sciences* 124 (2014): 186-193

²³ Yu, Gyu-chang, Woo-sung Park and Yung-ho Cho. "MNCs' HRM strategy and country of origin effect: Do North American, European and Japanese firms really differ?" *Management Revue* 18.4 (2007): 392-409

matters in their approach to the labour force's skillset²⁴. In this regard, this study will examine English corporate CSR best practices and their employment by Diageo's EABL in the labour market development in Kenya.

In the examination of the dynamics of CSR of MNCs subsidiaries operating in Pakistan, Yunis, et al. found that CSR is yet to institutionalize in many countries in the Global South, Pakistan included. Moreover, most business executives of multinational corporations operating in countries in the Global South construe corporate social responsibility in constricted benevolent and moral terms and largely overlook the legal and economic traits. In addition, many multinational corporations lack stakeholder control and exhibit a short-term reactive response to corporate social responsibility²⁵.

Multinationals have increasingly engaged in the promotion of labour standards through corporate social responsibility initiatives and programmes. Initially regarded as voluntary and private, corporate social responsibility has become increasingly "legalized" in that it has become shaped by governmental policies while integrating non-voluntary elements. However, even though the effectiveness of such corporate social responsibility initiatives remains under dispute. In assessing the reference to corporate social responsibility obligations in trade and investment pacts, Peels, et al. finds that corporate social responsibility is framed in relatively weak language in terms of responsibility, exactness and designation²⁶.

Fieldhouse points out that these sentiments are articulated by neo-Marxian scholars such as Paul Baran, Frantz Fanon, Cardoso and Immanuel Wallerstein who, in analyzing the rationale underpinning America's fervent fight against socialism and its spread in the Global South, argue that the same was predicated upon Washington's realization that socialism in the third world would constrain opportunities for expanding FDI in the form of multinational enterprises. To

²⁴ Engle, Robert L. "Corporate Social Responsibility in Host Countries: A Perspective from American Managers." *Corporate Social Responsibility and Environmental Management* 14 (2007): 16-27

²⁵ Yunis, Mohammad Sohail, Dima Jamali and Hina Hashim. "Corporate Social Responsibility of Foreign Multinationals in a Developing Country Context: Insights from Pakistan." *Sustainability* 10.3511 (2018)

²⁶ Peels, Rafael, et al. "Corporate social responsibility in international trade and investment agreements: Implications for states, business and workers." *ILO Research Paper* 13 (2016)

differentiate between the concerns for the investment of multinationals in the developed world and in the least developed world, Fieldhouse finds that the two are remarkably different.²⁷

In the case of the developed world, the latter had the resources to rival and, in some cases, outperform the multinationals. The reason for this is that as the 20th century stretched on, the US no longer had a monopoly on modern technology, despite having one in the early post-war years. As such, in the 1970s, the United States no longer enjoyed this monopoly. Furthermore, American multinational corporations were no longer the sole large-scale foreign investor in continental Europe as firms from Western Europe had caught up with American multinationals.

Since what had been sauce for the goose could be sauce for the gander, Fieldhouse further postulates, American multinationals operated with an abundance of caution keen not to incur the wrath of a capable host. To this end therefore, countries in Western Europe had nothing to fear from American multinationals because their firms were also capable of playing the same game and enjoying a comparative advantage playing in the home turf.

To Fieldhouse, the same cannot be said of countries in the Global South. Fieldhouse, in the case of the latter, foreign direct investment in the form of multinational corporations is a one-way process unlike in the case of the developed world where it had been a two-way process. As such, countries in the southern hemisphere have never had the investment capabilities of their peers in the developed world and are almost entirely the meek recipients of foreign investment. Furthermore, these countries are so underdeveloped to the extent that they do not possess the capital, know-how or the technology necessary to enable them to reverse roles.²⁸

In the examination of EABL's corporate social responsibility, Muriu found out that EABL's corporate social responsibility traverses across different sectors with an ever increasing

²⁷ Fieldhouse, David. "'A New Imperial System'? The Role of the Multinational Corporations Reconsidered." Frieden, Jeffrey A. and David A. Lake. *International Political Economy*. 4th. London: Routledge, 2002. 177-189

²⁸ Fieldhouse, David. "'A New Imperial System'? The Role of the Multinational Corporations Reconsidered." Frieden, Jeffrey A. and David A. Lake. *International Political Economy*. 4th. London: Routledge, 2002. 177-189

budgetary allocation.²⁹ However, Muriu negates to explore the role of the multinational's corporate social responsibility in the labour market particularly in areas critical to the country's labour force such as farmers and small and micro entrepreneurs.

1.6.4 Gaps in the Literature

The review teased out a number of gaps. First, there is a lacuna pertaining to the influence of multinational corporations on human resource development. Secondly, there is a gap as to the nature of multinationals and their human resource integration strategies in Kenya. Thirdly, the literature tended to be biased toward American and Asian MNCs. Beyond the institutional level, there was a gap in the reliability of human resource development. Additionally, there was a lack of understanding regarding how much local mindset, preferences, and resistances affect the adoption, hybridization, or adaptation of the parent company's human resource skill sets by the EABL. Moreover, with regard to EABL, studies negated to explore the influence EABL's strategic change has on human resource development at the national level. With regard to literature on MNCs and new labour entrants, while existing studies helped us understand the entry point of multinationals in shaping the skillsets of new labour entrants, there was a bias in business-management trained labour entrants. On multinational corporations' corporate social responsibility programmes on host countries' labour markets, there was a dearth of literature on how MNCs in the Kenyan market such as EABL employed CSR programmes on labour development develop human resources and to which extent. Additionally, there was a lacuna as to how the corporate CSR best practices of the country of origin are employed by the subsidiary in the host country. Finally, in the examination of EABL's corporate social responsibility, studies negated to explore the role of the multinational's corporate social responsibility in the labour market particularly in areas critical to the country's labour force such as farmers and small and micro-entrepreneurs.

1.7 Hypotheses of the Study

This study is guided by the following research hypotheses;

²⁹ Muriu, L. 2010. "Corporate Social Responsibility As A Factor In Strategy Development And Implementation At East African Breweries Limited". Nairobi: University of Nairobi. *MA Research Project*.

H₁¹: The East African Breweries enhances Kenya's human resource development through continuous human resource training and capacity development

H₁²: The East African Breweries enhances the Kenyan labour market's entrants' skillset through education sponsorship and production training

H₀¹: There is no influence of the East African Breweries' Corporate Social Responsibility programmes on the Kenyan labour market

1.8 Justification of the Study

1.8.1 Policy Justification

The "closed polity" approach to international relations has to be revisited due to the growth and proliferation of non-state actors in the global arena, especially in the age of globalization. as an archetypal driver of globalization i.e., the spiralling of social relations across the orb by connecting distant geographical zones in such a way that goings-on in any one given locality are fashioned by events taking place many thousands of miles away and vice versa, has necessitated the need to look at the influence of these transnational corporations as critical pathways through which international integration takes place in which world views, goods, services, ideas as well as other aspects of culture are exchanged globally leading to localization of national and cultural resources.

1.8.2 Academic Justification

At the academic level, this study is critical in stimulating the discourse in the literature on multinational corporations and possible bases for theoretical and empirical consensus on the role and significance of multinational corporations in human resource development in the global south. At the policy level, this study will be critical in the revision of the current policy approach on human resource enhancement and policy expectations of multinational enterprises and their subsidiaries operating in countries in the Global South. Furthermore, the study will be critical in guiding the policy foundations in possible policy alternatives to addressing the skills gaps in the human resource components of countries in the global South.

1.9 Theoretical Framework of the Study

This study employs the norm evolution theory to explain the influence of multinationals in human resource development in host countries. The norm evolution theory builds on Finnemore and Sikkink's concept of the 'life cycle' of norms³⁰ by arguing that norms are altered in a process whereby inspiration from various sources shapes norms as a type of global culture or something that is globally shared. Proponents of the norm evolution thesis postulate that the process is underpinned by the diffusion of norms from dominant cultural settings at the Global Core i.e., the global North. To Risse, Ropp, and Sikkink, this takes place within a spiral model where domestic backing and/or opposition serve as the fulcrum inducing the adoption of the given norm(s) and change(s).³¹

The theory's utility in the study is hinged upon the premise that it will help us to understand the human resource skills and norms cascade from the multinational's parent company to the subsidiary and ultimately to the host society. This will be critical in helping us get in-depth insights into the influence of Diageo's East African Breweries the human resource development, skills distribution to new labour entrants and the strategic contribution of its corporate social responsibility to the country's labour market.

1.10 Methodology of the Study

The methodology of the study is described in this part. The study site, population, research design, sample plan, tools and procedures for gathering data, and data analysis are all covered in this section.

1.10.1 Research Design

In order to evaluate and investigate the impact of trans nationality on the development of human resources in the Global South, this study used Diageo's East African Breweries in Kenya as a case study. It also used a pragmatic approach that incorporates a longitudinal research design. This approach incorporates both qualitative and quantitative data collection methodologies.

³⁰ Finnemore, M. & Sikkink, K. 'International Norm Dynamics and Political Change'. *International Organization*, 52(4), (1998). 887-917

³¹ Risse, T., Ropp, S. C. & Sikkink, K. 1999. "The Power of Human Rights: International Norms and Domestic Change". Cambridge: Cambridge University Press

1.10.2 The study location

The study location was Diageo's East African Breweries Limited (EABL). Located in Ruaraka, North-East of Nairobi's Central Business District, Diageo's EABL is the leading alcohol beverage business in East Africa.

1.10.3 The study target population

This refers to all entities bearing the characteristic(s) a researcher is studying. The target population comprised four categories of respondents; the EABL's Senior Management, middle-level managers, entry-level staff and administrative staff. The choice of the three categories of respondents is informed by the need to triangulate responses in order to ensure that the study data is not only valid but also reliable.

1.10.4 Sampling

The study used both probability and non-probability sampling techniques. The probability sampling (simple random sampling) technique was used to sample the middle, entry and administrative employees of the EABL. On the other hand, non-probability (purposive) sampling was used to select the respondents drawn from the senior management of the EABL. The population is divided into homogeneous strata that are mutually exclusive, and each person in the population is only assigned to one stratum, according to the stratified sampling technique. The sample size is enumerated in table 1.1 below.

Table 1.1 Sample Size of the Study

NO	Category of Respondents	Sample Size	Sampling procedure
1	EABL's Senior Management	20	Purposive
2.	Middle Level Manager	30	Simple random
3.	Entry Level Staff	50	Simple random
4	Administrative staff	10	Purposive
	Total	110	

Source: Researcher, 2022

1.10.5 Data Collection Procedure

To achieve its goals, the study used both primary and secondary data. Key informant interviews and focus groups were two qualitative data collection techniques that were employed to gather the primary data for this study.

1.10.6 Reliability and Validity of the Data

The researcher used two sets of data, namely; secondary and primary data. By choosing these two sets, the researcher was able to triangulate the data from the field. The said data was augmented by the peer review of the data by peers of the researcher. Information got was used to augment the obtainable documented data.

1.10.6 Data Analysis

Content analysis was used to examine the data. This approach was specifically chosen as it aided the researcher in analyzing the data. The researcher also used inductive analysis where the outlines, subjects and classes of analysis emanating from the data were analyzed and interpreted. Further corroboration of material was counter-checked with other sources to establish the soundness of the research findings.

1.10.7 Ethical Considerations

By implementing a variety of pertinent safeguards, the study wisely protected ethical concerns. To begin with, the researcher made sure that study participants gave consent after being fully informed. The researcher also asked them to participate voluntarily and provided them with enough information about the study's goal. Secondly, the researcher ensured data was treated with utmost confidentiality. Thirdly, the researcher ensured the research adhered to academic honesty through proper citation as well as the adherence to the University's Plagiarism Tolerance Policy.

1.11 Chapter Outline

Chapter One: Introduction to the Study

The research's introduction is contained in this chapter, which also provides an overview of how the entire project will be carried out. The research problem, the research questions, the objectives

of the study, the rationale of the investigation, the literature review, the hypotheses, the theoretical framework, the methodology, the scope, and the limits are just a few of the subsections that make up this chapter.

Chapter Two: Multinational Corporations Human Resource Development (HRD)

The Second chapter reviews the literature on human resources management, human resource development, what HRD entails, who is responsible for developing the company's human resources, designing effective HRD programs, understanding multinationals (MNCs) and their role in HRD and strategies that can be used by MNCs to compete in the global business environment.

Chapter Three: East African Breweries Limited and Human Resource Development

The third chapter examines ways in which East African Breweries Limited builds human resources. This will be in three parts: ways in which EABL develops its workers, ways in which EABL develops human resources through industrial training of interns and ways in which EABL develops human resources through supporting university education.

Chapter Four: Critical Analysis of the Role of EABL in Human Resource Development

The fourth chapter critically analyzes issues raised in the entire research study. This will be significant in evaluating the practicality of East African Breweries Limited's programs.

Chapter Five: Summary, Conclusion and Recommendations

This is the last chapter of the study which basically makes a summary of the findings of this study, draw conclusions based on the findings and makes recommendations.

CHAPTER TWO
MULTINATIONAL CORPORATIONS AND HUMAN RESOURCE DEVELOPMENT
(HRD) IN THE HOST COUNTRIES

2.1 Introduction

This chapter discusses interrelated concepts like human resources management, human resource development, what HRD entails, who is responsible for developing the company’s human Resource, designing effective HRD programs, understanding multinationals (MNCs) and their role in HRD and strategies that can be used by MNCs to compete in the global business environment.

2.2. The Study Demographic Characteristics

2.2 Demographic Data of Respondents

Demographic data was collected from 110 respondents drawn from Diageo’s EABL. The study sought to examine the gender and age distribution of respondents as well as the number of years that they have worked at the MNC in order to ascertain their representativeness of the target population. The results are tabulated in tables 2.1, 2.2 and 2.3 below.

2.2.1 Gender Distribution of Respondents

Table 2.1 Gender Distribution of Respondents

	Frequency	Percentage	Cumulative Percent
Male	60	54.55	54.55
Female	50	45.45	100.0
Total	110	100.0	

Source: Analysis of Field Data (2022)

The study collected responses from 110 respondents. Of these, 60 were male representing 54.55% of the total number of respondents while 50 were females representing 45.45% of the respondents. This largely reflects the gender distribution of the various strata of respondents as articulated in the sampling distribution enumerated in the methodology section of the study.

2.2.2 Age Distribution of Respondents

Table 2.2 Age Distribution of Respondents

	Frequency	Valid Percent
18-35	48	43.64
36-45	37	33.64
46-55	25	22.73
Total	110	100.0

Source: Analysis of Field Data (2022)

The respondents were distributed over three age groupings. The highest number of respondents in one age group was the respondents aged between 18 and 35 years who were 48 representing 43.64% of the total number of respondents. Those aged between 36 and 45 were 37 representing 33.64% of the total number of respondents. Those aged between 46 and 55 were 25 representing 22.73% of the total number of respondents.

2.2.3 Duration Respondent has worked with EABL

Table 2.3: Years Respondents Have Worked at EABL

	Frequency	Percent
Less than 2 years	24	21.82
2-5 years	28	25.45
6-10 years	37	33.64
10+ years	21	19.09
Total	110	100.0

Source: Analysis of Study Data (2022)

The researcher got responses from respondents whose period of duty at the EABL was varied. Those who had stayed at the EABL for less than 2 years were 24 representing 21.82% of the respondents. The next category was those who had worked for two to five years who were 28 representing 25.45%. The third category of respondents was those who had worked for six to ten years who were 37 representing 33.64%. The final category was respondents who had worked for over 10 years.

2.3 Understanding Multinationals (MNCs) and their Role in Human Resource Development

According to Gareth et al³² MNCs are firms or companies that ply and trade across the orb. Similarly, Buckley et al³³ define an MNC as a firm in which the synchronization of manufacturing devoid of using market exchange takes the firm across territorial limitations through foreign direct investment (FDI). According to Phatak et al,³⁴ in such global organizations, HRD professionals are tasked with training and developing staff across all spheres of the MNCs geography of operation. Dessler observes that MNCs employ both citizens of the host country and expatriates, who are noncitizens of the countries in which they are working to work for them. Expatriates can be either citizens of the mother country or the host state.³⁵

Given cultural diversity of the employees of multinational corporations, human resource development within multinational corporations takes a highly differentiated training of its workforce which involves: making for instance non-host country citizens aware of the impact of cultural differences and their impact on the business outcomes; making the employees in training to comprehend how outlooks are shaped and how they impact behavior. Additionally, they provide to the employees in training with factual knowledge about the destination country and finally give trainees a chance to forge skills in areas like language, adjustment and adaptation.³⁶

Given that MNCs operate in a global setting, a number of considerations should be taken into account when implementing or before implementing HRD programs. These elements could be: the general state of the world's economy,³⁷ legal systems involved; economic considerations; as well as cultural differences.

³² R.J. Gareth, *Introduction to Business: How Companies Create Value for People*. (New York: McGraw-Hill/Irwin, 2007), p. 104

³³ Buckley et al in T. Edwards, and C. Rees, *International Human Resource Management: Globalization, National Systems and Multinational Companies*. (Essex, England: Person Education Limited, 2006)

³⁴ A.V. Phatak, R. S. Bhagat and R. J. Kashlak, *International Management: Managing in a Diverse and Dynamic Global Environment* (2nd ed.), (New York: McGraw-Hill/Irwin, 2009), p. 444

³⁵ Gary Dessler, *Human Resource Management* (11th ed.) (London: Pearson Prentice Hall, 2005), p. 701

³⁶ *Ibid*, p. 709

³⁷ R. J. Gareth, *Introduction to Business: How Companies Create Value for People*. (New York: McGraw-Hill/Irwin, 2007), p. 109

According to Koontz et al,³⁸ there are three kinds of needs that should be taken into consideration before a company opts to choose a particular HRD program. These include: organizational needs, which can be identified from job descriptions and performance standards; operational and job-related needs, which can be identified from job descriptions and performance standards; and information about individual employees' needs, which can be discovered from performance reviews, interviews, tests, surveys, and personal career plans.

Therefore, these and many other factors/needs need to be taken into consideration before the management of a given MNC suggests specific individuals for development. Nevertheless, HRD is still a crucial activity because it plays a crucial role in assisting managers in hiring and obtaining the skilled workforce that an organization needs to succeed, even in the face of the uncertain business environment that is characteristic of particularly large organizations (such as MNCs).³⁹

According to Cascio,⁴⁰ the role of MNCs in the HRD process, therefore, is or should be, a proactive (rather than a reactive) force. To achieve this, MNCs need to think and plan in terms of short, medium and long-term employment relationships. He further suggests that MNCs also must expend ample time and energy in such practices including but not limited to job design and acquisition of 21st-century equipment. Owing to the fact that mobility among employees is anticipated to rise, a cautious approach to these factors will ease future fully productive replacements. In addition, a multinational's effort towards the development of its human resource is vital in enhancing the firm's stability by developing more purposeful, competent and self-assured employees.

³⁸ H. Koontz and H. Weihrich, *Essentials of Management: An International Perspective* (7th ed.). (New Delhi: Tata McGraw-Hill Publishing Company Limited, 2007)

³⁹ P. F. Weber, "Getting a grip on employee growth," in *Journal of Training & Development*, Vol. 53, (1998), pp. 87-91

⁴⁰ W. F. Cascio, *Managing Human Resources: Productivity, Quality of Work Life, Profits* (8th ed.). (New York: McGraw-Hill/Irwin, 2010), p. 381

2.4 Divergent Perceptions of the Role of MNCs

There are two major standpoints from which MNCs are critiqued, namely, positive and negative standpoints. The former is pro-MNCs, while the latter is anti-MNCs. Fobete argues that Multinational enterprises are vital mediators in the modern global political economy. Fobete quotes OECD assertion that MNCs are the main conduits through which investment is channeled. This is a point plus for instance in developing countries which are characterized by poor factors of production essential to modern industry that ushers in low levels of per capita and acts as a barrier to the realization of economies of scale.⁴¹ According to Fobete, MNCs employ local national and in so doing they boost domestic wages as they pay higher, offer training programs for their employees, nurture the transfer of technology and technological skills between their mother corporation in the northern hemisphere and their subsidiaries in the southern hemisphere thus enhance the productivity of the national labour force.⁴² The importance of MNCs lay in the employment and training of a significant number of local staff and employment itself is the most important factor in shifting poor people out of poverty.

Lodge and Wilson recommend a collective approach by MNCs in doing this. Although it is often assumed that corporations bring with them development, Lodge and Wilson argue that MNCs together with globalization have failed to lessen poverty and wealth inequality in the southern hemisphere. "In fact, many contend that the transnational firms driving globalization and its effects have exacerbated worldwide poverty."⁴³

In the period after colonialism, the world started putting a focus on economic development as codified by the institutionalization of financial institutions to midwife development and reconstruction i.e., the Bretton Woods institutions. Lamentably, in terms of economic wellbeing, the African continent has been lagging behind in a lonely island of economic underdevelopment.

⁴¹ Dingha Ngoh Fobete, *Multinational Corporations and Third World Development*. (Norderstedt: Grin Verlag, 2005), pp. 1-3

⁴² Dingha Ngoh Fobete, *Multinational Corporations and Third World Development*. (Norderstedt: Grin Verlag, 2005), p. 5 See also T. Bateman and S.A. Snell, *Management: The New Competitive Landscape* (6th ed.). (New York: McGraw-Hill/Irwin, 2004)

⁴³ George Lodge and Craig Wilson, *MNCs A Corporate Solution to Global Poverty: How Multinationals Can Help the Poor and Invigorate Their Own Legitimacy*. (Princeton University Press, 2006), p. 45

According to Bhattacharyya (2008), while a number of countries that were previously underdeveloped in the mid-20th century such as India, China, Brazil, South Korea, Singapore among other countries make significant strides towards development and uplifting significant portions of their populations out of poverty, Africa's contribution towards the decline of global poverty has been disappointing. To complicate matters further, absolute poverty in African nations such as Nigeria, Zimbabwe and many countries in Central African region (the Democratic Republic of Congo, Congo Brazzaville, Gabon and Cameroon) and the Sahel area, which includes Mauritania, Niger, Mali, Burkina Faso, and Chad, has been expanding.⁴⁴

Nowhere has this phenomenon been as pronounced as settler societies such as Algeria, Kenya and South Africa. In the last one decade for instance, South Africa was a scene of one of the deadliest labour unrests that started when thirty-four miners at the Lonmin Platinum Mine in the town of Marikana, a hundred and fourteen kilometres northwest of Johannesburg, South Africa, were killed by the South African police for engaging in a labour strike that was deemed illegal by the imperial investors. These killings and the labour unrest that was the aftermath of the same were critical in removing the façade of a developed country that since the dawn of the post-Apartheid era, been Africa's magnet attracting foreign investors owing to its enviable category as Africa's largest and most sophisticated economy.⁴⁵

Makwana (2007) makes a similar argument, asserting that there hasn't been much of a change in the proportion of Africans who live on less than \$1 per day since the year 2000. Furthermore, the efforts to reduce extreme poverty across the continent have been so minute to the extent that the reduction has been taking an increasingly slow trajectory.⁴⁶ In grappling with the foregoing, this paper addresses this phenomenon by assessing the role of investment imperialism in underdevelopment in the African continent.

⁴⁴ Bhattacharyya, Sambit. *Root Causes of African Underdevelopment*. Working Paper in Economics and Development Studies. Sumedang, Indonesia: Padjadjaran University, 2008

⁴⁵ Borat, Haroon, Morné Oosthuizen and Anne Kamau. *Growth Without Equity Roils South Africa*. New Haven, CT: Yale Global, 2013

⁴⁶ Makwana, Rajesh. *International Aid and Economy Still Failing Sub-Saharan Africa*. 11 June 2007. 12 December 2020. <<https://www.globalpolicy.org/component/content/article/211/44638.html>>

Along with South Africa, Algeria, and Rhodesia, which were settler colonies in the early half of the 20th century, Kenya was a member of a tiny group of African nations. Unlike other colonial societies which were treated as vassal states by the colonial masters, Good (1976) postulates, settler societies should be construed as unique due to their fundamentally different orientation⁴⁷.

According to Brown, such settler societies were characterized by either plantation enclave development strategies or were marginal enclaves. In the case of the former, they were transformed into plantation economies that heavily relied on foreign firms like Del Monte to extract resources due to the lack of capital resources and the expertise for the job from indigenous firms as well as the fact that it is the foreign firms that have control over the outlets for the product on the global market. Due to the fact that these countries' tax revenues from giving up the right to exploit tropical plants or mineral resources, such as sugar, bananas, tea, or coffee, or palm products, frequently ended up in the hands of a local elite who then invested the money in one of the developed countries, this plantation imperialism resulted in underdevelopment. In addition, the plantation firm might simply abandon the plantation enclave, leaving no money or infrastructure for the benefit of the host nation. In the case of the marginal economies, despite the fact that they lacked significant resources, these marginal enclaves continue to be a part of the global capitalist system and serve a dual purpose: first as marginal sources of food and raw materials, and second as constrained but dependent markets.⁴⁸

Good (1976) believes that settler communities offer a safe and affordable occupation of a strategic territory in conjunction with the metropole.⁴⁹ Lamentably, this came at a cost. Putting the same into perspective, a report by the Health Policy Action (2014) pointed out that the resource drain out of settler societies has been perpetuated by these imperial investments making these societies to loss more than they gain. This is because the imperial investments tend to adopt an opportunistic approach to economics whereby they cart profits to the metropole as well as evade legitimate taxes, engage in unfair trade policies coupled by abusive practices of

⁴⁷ Good, Kenneth. "Settler Colonialism: Economic Development and Class Formation." *The Journal of Modern African Studies* 14.4 (1976): 597 - 620

⁴⁸ Brown, Michael Barratt. "Developing Societies as Part of an International Political Economy." *Introduction to the Sociology of "Developing Societies"*. Ed. Hamza Alavi and Teodor Shanin. London: McMillan Press, 1982. 153-171

⁴⁹ Ibid

multinational companies such as the Coca Cola company and the East African Breweries carting away and destroying bottles from the Softa and Castle beverage companies respectively. Additionally, they tend to lead to climate devastation which the settler societies have to bear on their own.⁵⁰

In the East African powerhouse, despite the promising high rates of economic growth that the country has been enjoying since the turn of the millennium, the elimination of poverty remains a mirage. This is largely due to the fact that the as opposed to the growth being driven by economic sectors dominated by locals, the growth was largely in imperial investments such as in flower farms, tea plantations, banking and the importation of consumer goods. Additionally, since imperial investments tend to shy off rural areas where poor people live and carry out subsistence agriculture, growth tended to shy away from most parts of the polity.⁵¹

As such, good economic performance can be categorized as a function of imperial extraction and thus it comes as unsurprising that it has had insignificant effect on poverty. There aren't many connections between these extractive industries and the rest of the domestic economy or with the underprivileged. In this regard, Godoy (2011) emphasizes that the lackluster response in the fight against poverty in nations like Kenya despite strong economic growth should be seen as a result of the fact that economic growth has not been strongly associated with activities and economic sectors where the vast majority of the Kenyan population are. Instead of the aforementioned, the nation is caught in a paradox of persistent poverty despite rapid economic progress. Godoy (2011) warns that this expansion and its poor impact on decreasing poverty portend a vicious cycle of underdevelopment since instances of high poverty tend to diminish the minute effects of economic growth in reducing poverty, if any, even further.⁵²

An excellent instance occurred in the late 2000s during discussions on the economic partnership agreement (EPA) between the European Union and members of the East African Community (EAC) (EU). Unlike other East African countries such as Tanzania and Uganda which held

⁵⁰ Health Policy Action. *Development aid to Africa negligible in comparison to illicit outflows*. 16 July 2014. 9 December 2020. <<http://www.healthpovertyaction.org/campaigns/honest-accounts/>>

⁵¹ Godoy, Julio. "Africa: Poor Excluded From Benefits of High Economic Growth." *InterPress Service* 20 June 2011

⁵² Godoy, Julio. "Africa: Poor Excluded From Benefits of High Economic Growth." *InterPress Service* 20 June 2011

reservations about the benefits of the agreement, Kenya was eager about the agreement seeing it as the best option available. According to Omungo (2007), this was in sharp contrast to advisory opinions by respected economic think tanks such as the Nairobi-based non-governmental Institute of Economic Affairs (IEA) which held that the economic partnership agreement (EPA) was not the ultimate vehicle to economic independence.⁵³

Economists at the Institute of Economic Affairs had a significant degree of skepticism about the economic partnership agreement (EPA) arguing that while it may encourage healthy competition in some economic sectors such as manufacturing as well as herald improvements in infrastructure and production capacities in Kenya as market access to the European Union (EU) increases, it gives the East African countries the shorter end of the stick. This is due to the fact that instead of encouraging East African countries to add value to their products, it locked these countries in primary production of products such as coffee and tea. As such, in failing to midwife these countries quest to midwife their economies through production, the economic partnership agreement makes these countries to miss the quest for efficient ways to move into value addition as a critical juncture in moving their products up the global value chain.⁵⁴

Echoing similar sentiments, Frankema (2015) is of the view that European colonization and the attendant imperial investments particularly in settler societies locked African countries such as Kenya into a path of perverse primitive production. This is due to the fact that a significant portion of Kenyan exports are in fact European manufactures that leave destruction through cheap labour and near-coercive cultivation as evidenced by imperial companies such as Kakuzi. Additionally, free-trade policies effectively pre-empt a diversification of the economies of indigenous Africans into sectors such as manufacturing in as well as eroding indigenous handicrafts. Only white-dominated settler businesses succeed in creating a sizable industrial sector, although with the help of African labor coercion and protective obstacles⁵⁵.

According to Oatley, multinational corporations are worth scrutiny bearing in mind the manner in which they alter the business approach in a given society. He argues that their transnational

⁵³ Omungo, Rosalia. "'A Foreigner Cannot Develop Us'." *Inter Press Service* 24 September 2007

⁵⁴ Ibid

⁵⁵ Frankema, Ewout. "How Africa's colonial history affects its development." *World Economic Forum* 15 July 2015

nature leads to a disconnect between the economic and political geography due to the fact that they make business decisions through the prism of global conditions.⁵⁶

In juxtaposing how governments in developing countries regulate foreign firms operating inside their territories vis-à-vis governments in developed countries, Oatley finds that while the developing world embraced multinationals, it did so with considerable unease owing to the fact that most multinationals operating in these countries were foreign companies from their former colonial masters. Additionally, these multinationals adopted colonialist attitudes in their activities in these newly decolonized states employing few natives in senior management positions, adopting discriminative and oppressive measures against indigenous workers, and embodying alien cultural values in their managerial and production policies.⁵⁷

Against this background, governments in these post-colonial developing states sought to regulate the activities of multinational corporations not only as a means to control existing foreign investments as well as manage the terms under which new investments would be made but also as means to establish their political and economic autonomy from former colonial powers. It is also worth noting that most newly independent states in the global south were integrated into the international economic system as producers and exporters of primary commodities. Lamentably, these primary commodity sectors were also controlled by multinationals.⁵⁸

2.5 Summary of the Key Chapter Finding(s)

The chapter finds that human resource development within multinational corporations takes a highly differentiated training of its workforce which involves: making for instance non-host country citizens aware of the impact of cultural differences and their impact on the business outcomes; providing the trainees with accurate information about the target country, assisting the trainees in understanding how attitudes are formed and how they affect behavior (for example, negative stereotypes may unconsciously influence how a manager reacts to and treats his or her

⁵⁶ Oatley, Thomas. "The Politics of Multinational Corporations." Oatley, Thomas. *International Political Economy*. 6th. New York, NY: Routledge, 2019. 249-278

⁵⁷ Ibid

⁵⁸ Oatley, Thomas. "The Politics of Multinational Corporations." Oatley, Thomas. *International Political Economy*. 6th. New York, NY: Routledge, 2019. 249-278

new foreign subordinates), and finally providing the trainees with the chance to develop skills in areas like language, adjustment, and adaptation.

The chapter also discovers that MNCs take a variety of issues into account before or when launching HRD programs. These elements include the overall nature of the global business environment, the relevant regulatory frameworks, economic considerations, and cultural variations.

Owing to their transnational nature, multinationals make business decisions through the prism of global conditions. However, there is a tendency for some MNCs to Adopt colonialist attitudes by employing few natives in senior management positions, adopting discriminative and oppressive measures against indigenous workers, and embodying alien cultural values in their managerial and production policies. As such, there may be a tendency for human resource development to be limited to lower tiers of human resource.

CHAPTER THREE
MULTINATIONAL CORPORATIONS AND HUMAN RESOURCE DEVELOPMENT
IN KENYA'S LABOUR MARKET

3.1 Introduction

This chapter examines ways in which multinational corporations are engaged in human resource development. This will be in three parts: ways in which multinational corporations develop their workers, ways in which multinational corporations develop human resource through industrial training of interns and ways in which multinational corporations develop human resource through supporting university education.

3.2 The East African Breweries Limited's Staff Development Initiatives

This section examines the following subtopics: recruitment and selection; evaluation of employees' potential; EABL's absorption of graduate management trainees and graduate training cost over the last five years.

3.2.1 Recruitment and Selection of Staff

The researcher sought to know from the human resource manager what it takes to recruit employees. The human resource manager started off by arguing that "Multinational corporations are often faced with the challenge of recruiting people who will help the corporation to survive in the international or regional environment. Finding the right people for recruitment is one and retaining them is another."⁵⁹ Having this in mind, she further observed that the human resource team should be able to identify exactly what capabilities particular candidates could bring to the corporation. She however noted with concern that in some instances, candidates who are perceived as the best during the recruitment exercise turn out to be bogus; this perhaps could be a result of one's ability to paint a picture which is different from what he or she is. This does not however mean that they will attract expulsion, rather the human resource team makes an effort of upgrading them.

⁵⁹ Interview carried at Ruaraka EABL. The main informant was the human resource manager. Her information was supplemented by the assistant human resource manager. Date: September 5, 2011

It is always intended that the EABL management bench would be able to understand what each job requires and will want to hire applicants who can work more efficiently with the least amount of assistance. This widely involves setting the training objectives, selecting the trainer and developing and preparing materials for training. Once a recruitment has been done, assimilation of the recruits to the corporation is necessary as it will make new employees not leave the job soon after recruitment.⁶⁰ EABL assists new recruits, especially those who have not previously worked in international environment to recognize that they will be working in a multi-cultural environment. This however depends on the one's flexibility to work and manage across cultures and fro the expatriates, it depends on the ability to accommodate local culture while being the voice of home office to the local employees. It was also found out that recruitment at EABL takes the form of recruiting management trainees as presented in the next subsection.

3.2.2 The East African Breweries Limited and the Training and Absorption of Graduate Management Trainees

The researcher sought to know from the human resource team, the extent to which EABL has engaged itself in absorbing management trainees and the results are as tabulated below with corresponding years.

Table 3.1 Graduate Management Trainees

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Female	3	1	4	0	12	7	8	6	9	16
Male	5	4	7	0	12	12	8	12	9	19
Total	8	5	11	0	24	19	16	18	18	35

Source: Field Data

Over the years, EABL's graduate management training programme has been training graduates in managerial skills. As seen from the table above, this has been incremental with the numbers hitting double digits since 2010. This has been critical as it has been enhancing Kenya's labour skillset. Additionally, as indicated in the figure above, EABL while recruiting management

⁶⁰ Ibid

trainees, puts into account gender “balance” in the sense that at least for each single recruitment exercise, ladies are given a chance to join the corporation. In the years 2005, 2008 and 2009, the ratio of men to women was 1:1, unlike other years where males were the dominant recruits. The researcher sought to know from the Human Resource Manager if at all there is a limit on the number of women EABL should absorb at any given moment in comparison with men. The explanation given is that what matters is one’s academic and professional qualification and not one’s sex.

It should be noted that EABL only university graduates are considered for this kind of recruitment. Emphasis is laid on people with academic training in management, commerce finance, human resource, entrepreneurship, marketing and engineering. Priority is however given to people who have got additional professional training for instance in CPA, CPS and ACCA; and having postgraduate qualifications is always an added advantage to a potential recruit.

As indicated in the above, the year 2010 had the highest number of recruits into the management trainee program followed by the year 2005 and thirdly by the years 2008 and 2009. In the year 2004, EABL did not engage itself in recruiting management trainees. In the years 2001, 2002 and 2003, the recruited management trainees were trained to take middle level management position and were expected to from time to time to be acting on behalf of senior managers, especially when on holiday. In other instances, some served as assistants to senior manager. Such exposure was hoped to help to acquire practical management skills from their seniors.⁶¹

In the years 2005, 2006 and 2008, the management trainees absorbed were further given training in marketing the products of EABL against the rising competition from Keroche industries, cheap imports and counterfeited alcoholic drinks bearing the EABL brand names. This team was as well charged with the responsibility of reaching out consumers through making innovative adverts and issuing stickers mounted on taxis and other vehicles warning people not to drink and drive. In the year 2009, the management trainees recruited was to join the finance and accounts team at the main office Headquarters in Ruaraka. Finally, in the year 2010, EABL engaged itself

⁶¹ Analysis done as per the information sourced during the interview carried at Ruaraka EABL. The main informant was the human resource manager. Her information was supplemented by the assistant human resource manager. Date: September 5, 2011

in recruiting people who have done engineering and production related courses. This group underwent training to join the plant management team at Ruaraka processing and production industry.⁶²

3.2.3 Graduate Training Cost over the Last Five Years

The costs associated with the training exercise were inquired about by the researcher from the human resource team; the results are listed in the figure below.

Table 3.2: Graduate Training Cost (2006-2010)

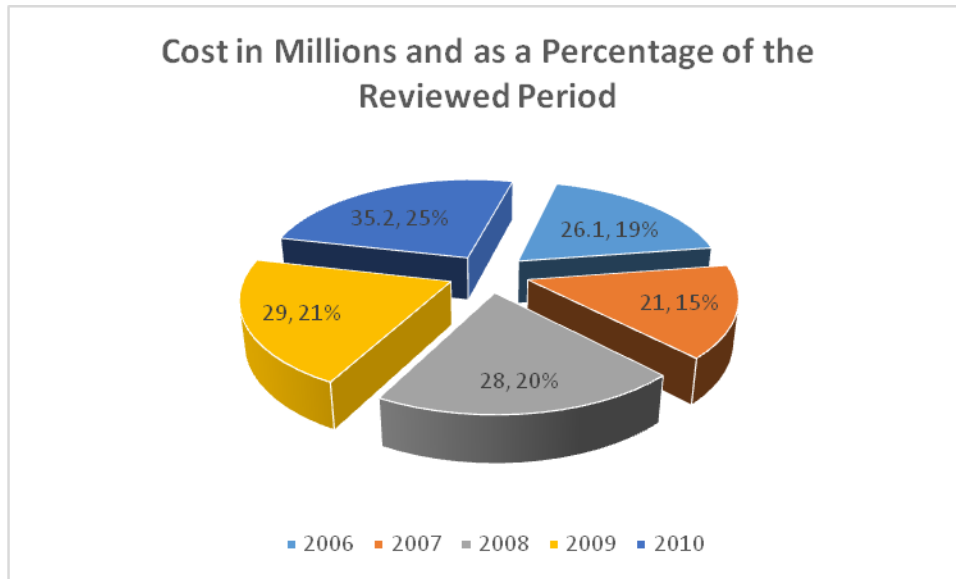
	2006	2007	2008	2009	2010
Cost (In Millions)	26.1	21	28	29	35.2

Source: Field Data

As seen in the table above, the programme has been expending millions of shillings in the graduate management training programme. The highest amount was in 2010 while the lowest was in 2007. This reflects the incremental nature of the number of trainees under the programme. This is further captured in the figure below.

⁶² Analysis done as per the information sourced during the interview carried at Ruaraka EABL. The main informant was the human resource manager. Her information was supplemented by the assistant human resource manager. Date: September 5, 2011

Figure 3.1: Cost in Millions of the Reviewed Period



Source: Field Data

Part of the cost covers the amount of money spent on paying the graduate trainees because they are entitled to a pay while under training; part of the cost covers the stipend given to the trainers; part of the cost covers the meals offered during the entire training for both the trainees and the trainers; part of the cost covers teaching aid and miscellaneous.

3.2.4 Evaluation of the East African Breweries Limited's Employees' Potentials

One of the key elements of a corporation's training of its staff is evaluating the employee. This is however met with resistance from the employees. According to the area human resources manager, evaluation of employees can be effective if and only from the human resources office can start by firstly looking at the organization's objectives so as to know where the organizations is headed to. The corporation should as well identify the individual's development needs with regard to skill development so that one can be empowered to formally develop him/herself for the good of the corporation.

One of the notable ways through which EABL develops human resource is through what one of the staff termed as internal surgery, in which case the corporation identifies areas where the already employed members of staff are subjected to training within the corporation through seminars, workshops and apprenticeship. Whenever there is change of management, the newly

appointed managers are exposed to an induction training to enable them to fit in. various departments, committees and other groups are advised by the human resources office to help them plan and implement what there is in accordance to the spirit of EABL.

As part of developing the human resource, EABL's HR help various departments to identify key issues, gather information about them and craft action plans that befits the issue. Although difficult, EABL's Human Resource engage itself in Talent Management, in which case managers are supposed to examine their department's workforce such that the right people are made to pursue their role using their right set of skills at the right time. This does not end here as people with related talent are identified and expected to work as a team. This leads into the concept of team development without which the corporation cannot stand. Such groups are expected to analyze the current way of doing a specific piece in relation to a desired outcome(s). The more and more the members of a group work together, they realize that personal aspirations have to be put aside and pursue that which will sustain the corporation. Usually incentives are given to groups with outstanding performance.

There are times when potential managers are given the opportunity to act as substitute to managers who are on holiday. As one does this, he/she gets the opportunity to learn the manager's job. Some of the managers interviewed observed that they usually feel threatened by the take-care managers. They only perceive this as a welcome move, if only it can help them get a promotion their efficient accommodation of potential managers.

According to EABL's Ruaraka Human Resource Manager, existing employees are appointed to committees like the EABL Foundation's in order to increase their exposure to other staff members and give them the chance to develop and offer suggestions in front of other staff members. This is done as part of training the new hires.

As part of training EABL's human resource, EABL's human resource team engages its workers in job rotation within the East African offices and fields. This is hoped stimulate the development of new ideas. She however observed that some of the employees complain upon

being moved that their efficiency in the prior position is tainted by moving them into new positions.

3.3 East African Breweries Limited’s Labour Entrants’ Human Resource Development Programmes on the Kenyan Labour Market

This section seeks to examine the influence of the East African Breweries Limited’s labour entrants’ human resource development programmes on the Kenyan labour market. The section explores how EABL enhances labour entrants’ human resource development through industrial training of interns. Additionally, the section examines how influence of the East African Breweries Limited’s labour entrants’ internship programmes on the Kenyan labour market.

3.3.1 Human Resource Development through Industrial Training of Interns

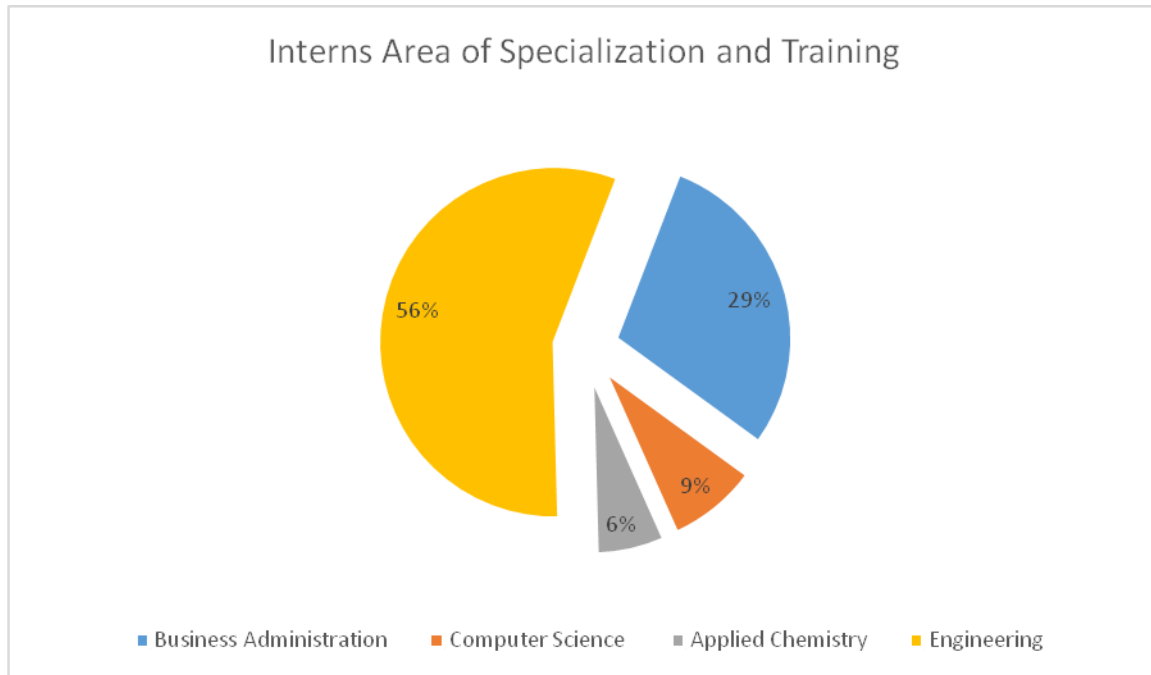
The researcher sought to know the college or university professional areas of training of the interns considered for industrial training at EABL last year (2010) and the results are as tabulated as shown below.

Table 3.3: Professional Areas of Training of Interns (year 2010)

Interns’ Area of Training	Frequency	Percentage
Commerce	72	60
Business Administration	14	11.88
Computer Science	4	3.2
Applied Chemistry	3	2.3
Engineering	27	22.5
Total	120	100

Source: EABL Data

Figure 3.2: Professional Areas of Training of Interns (year 2010)



Source: EABL Data

The data analysis reveals that 12% of the interns were pursuing a bachelor's degree in business administration, while 60% of the interns were pursuing a bachelor's degree in commerce. Of the interns, 22.5% were pursuing a bachelor's degree in engineering, 2.3% were pursuing a bachelor's degree in applied chemistry, 3.2% were pursuing a bachelor's degree in computer science, and 2.3% were pursuing a bachelor's degree in engineering. The vast majority of the interns were earning Bachelor of Commerce degrees.

3.3.2 Influence of the East African Breweries Limited's Labour Entrants' Internship Programmes On the Kenyan Labour Market

While under internship, the interns are offered the opportunity to put into practice the theories they learn in campus. Secondly the interns benefit from the practical skills they get from EABL. The skills that one gains depend on his or her area of training and placement. Although the interns are not paid, they are occasionally offered a stipend to cater for their upkeep. Moreover, upon successful completion of the industrial training, the interns are given internship recommendation letters which they can use in future while seeking for employment elsewhere. Depending on one's efficiency while pursuing internship, some interns have found their way

back to EABL's workforce. The very graduates can end up being employed by EABL. This not only benefits them in terms of job security but as well helps them to sustain their dependants. On the other hand, EABL will benefit from their resourceful input.

In as much as the interns benefit from industrial training, there is a way in which they add value to EABL's efficiency of working towards achieving their set goals. Having this in mind, the researcher made a step of finding out the contributions made by the interns at EABL's work stations. It was found out that EABL benefits from the various lines of thought brought by the interns as per their various areas of professional training such as financial accounting, information technology, engineering and applied chemistry among others. EABL as well benefits from industrial placement reports written by the interns. Such reports give recommendations as per one's experience while at EABL's work station. Based on the above arguments, the researcher sought to know from the EABL's Human Resource team if at all EABL can do away with accepting interns for industrial training. The answer was a strong "NO" with an explanation that industrial training is symbiotic in terms of the benefits that accrue to both the corporation and the interns.

3.4 Influence of the East African Breweries Limited's Corporate Social Responsibility Programmes On the Kenyan Labour Market

This section examines the influence of the East African Breweries Limited's corporate social responsibility programmes on the Kenyan labour market. The section examines how the East African Breweries Limited's corporate social responsibility's education programme, helps advance the Kenyan labour market through scholarships and sponsorships of promising and/or needy students. Additionally, the section examines the East African Breweries Limited's Skills for Life Programme and how it impacts on the Kenyan labour market.

3.4.1 The East African Breweries Limited's Corporate Social Responsibility's Education Programme

The researcher sought to know from the human resource management team ways in which EABL develops human resource through supporting university education in what it calls the Skills for Life Scholarship. The Skills for Life Scholarship is an initiative that empowers

individuals and societies to realize their potential and advance their life prospects. According to the EABL Foundation manager, EABL does this through EABL Foundation, which is the CSR organ of EABL. According to EABL as noted in their website, EABL wants to actively provide to the national arena by playing a human resource leadership role.⁶³ EABL Foundation advertise mid-year in the local dailies (East Africa) the scholarship opportunities for interested persons to apply.⁶⁴

EABL sees corporate citizenship as a basic business activity, and community investments are seen as an important part of that. Although EABL acknowledges that the communities in its immediate vicinity have a variety of unmet needs, it still wants to contribute to their efforts, particularly in those areas where its operations have the biggest influence and where its efforts can have the biggest impact. This is made possible by EABL's corporate citizenship initiatives, which pledge 1% of the company's annual post-tax income. The EABL Foundation invests its resources in a manageable number of projects that pay attention to significant issues including the environment, life skills, and water of life.

3.4.2 The Skills for Life Scholarship and its Influence on the Kenyan Labour Market

The Guinness Strathmore Scholarship was the precursor to the Skills for Life Scholarship when it was established in 2001, but it was later expanded to include the entire region to encourage more students to apply. Later, after its establishment in 2005, it modified EABL Foundation. The EABL Foundation Skills for Life Sponsorship Program was established with the goal of assisting the neediest and brightest students in East Africa who, although being academically outstanding, cannot afford to attend a university.

Potential scholars must fill out an application form that is published in the press and mail it to the address provided, or they can obtain it from the EABL website. Successful applicants receive a

63 http://www.eablfoundation.com/uni_scholarships.html

64 <http://www.eablfoundation.com/funding.htm>

full scholarship package for university study in business, information technology, or another field. This package includes tuition, books, housing, and a monthly stipend.⁶⁵

In order to function, the Skills for Life Scholarship Program collaborate with academic institutions in Kenya, Uganda, and Tanzania. The Strathmore University, the University of Nairobi, the Makerere University, the Dar es Salaam and Mzumbe Universities in Tanzania and other private and public universities in the region are partners with the program. In the past nine years, the EABL Foundation has sponsored 160 students for a total of nearly Ksh 130 million. For instance, Strathmore University received a check from the Foundation for KShs19 million just last years through the Head of Strathmore Research and Consultancy Department and the university's Dean of Students.

On May 13, 2010, the EABL Foundation announced that the scholarship application period for the coming academic year had started and that 20 new students would be attending private and public colleges in East Africa. Obure, Manager of the EABL Foundation, said: "We are well aware of the essential role education plays in the places in which we work.". We are investing in people's futures as well as the futures of their communities in addition to empowering them. He went on to say that the Foundation was eager to tap into regional markets outside of East Africa. "We are in contact with the necessary parties in order to enter markets like Rwanda, Ethiopia, and Southern Sudan."⁶⁶

There are several ways in which benefits of EABL can be weighed. Firstly, EABL Foundation offers an opportunity to young adults who are bright but lack the necessary resources to pursue their desired career lines that they would not otherwise have managed to. Most of the scholars come from informal settlements where their basic education was achieved through community support and well-wishers. Bye and large one can argue that the beneficiaries who come from

⁶⁵ The information was sourced from through interviewing the human resource team at Ruarak and it is in line with the information provided in EABL's website: http://www.eablfoundation.com/uni_scholarships.html
Date viewed: October 8, 2011

⁶⁶ The information was sourced from http://www.eablfoundation.com/uni_scholarships.html
Date viewed: October 8, 2011

poor backgrounds literary go back to their communities and initiate similar sponsorships to enable others benefit from education.

One can speculate that the sponsored students have acquired abilities that will help them realize their potential and enhance their prospects in life. They have been able to succeed as entrepreneurs and in the corporate world because to this. Right at EABL, a student who in the past benefited from the sponsorship program was recruited and is now a Senior Manager.⁶⁷ The EABL Foundation has since celebrated 10 Years of the Skills for Life Scholarship Initiative as of the year 2011. The Foundation has followed up 80% of the sponsored students who are now working as Senior Managers in some of the leading Corporate Organizations, across the world.

3.5 Summary of the Key Chapter Finding(s)

In exploring Diageo's East African Breweries Limited's human resource development forays, the chapter found out that the multinational's human resource department uses training programmes to assimilate recruits to the corporation. Additionally, the multinational acclimatizes new employees to a multi-cultural environment. The multinational also has a programme to train and absorb graduate trainees with an emphasis on students trained in managerial, commerce finance, human resource, entrepreneurship, marketing and engineering. Priority is however given to people who have got additional professional training for instance in CPA, CPS and ACCA; and having postgraduate qualifications is always an added advantage to a potential recruit.

Another human resource development approach is internal surgery whereby the corporation identifies areas where the already employed members of staff are subjected to training within the corporation through seminars, workshops and apprenticeship. Whenever there is change of management, the newly appointed managers are exposed to an induction training to enable them to fit in. EABL's human resource department also helps various departments to identify key issues, gather information about them and craft action plans that befit the issue. Additionally, the EABL's human resource team rotates its employees within the East African offices and fields. This is designed to stimulate the development of new ideas.

⁶⁷ The information was sourced from http://www.eablfoundation.com/uni_scholarships.html
Date viewed: October 8, 2011

The chapter also found out that the East African Breweries Limited's Labour Entrants' Internship Programmes has a significant impact on the Kenyan labour market in that while under internship, the interns are offered the opportunity to put into practice the theories they learn in campus. Secondly the interns benefit from the practical skills they get from EABL. The skills that one gains depend on his or her area of training and placement. Upon successful completion of the industrial training, the interns are given internship recommendation letters which they can use in future while seeking for employment elsewhere.

The chapter established that the EABL Foundation, the company's corporate social responsibility arm, is responsible for implementing the East African Breweries Limited's CSR programs, which have an impact on the Kenyan labor market. The study found that this has an effect on the labor market through scholarships offered under the Skills for Life Scholarship, a program that originally started in 2001 as the Guinness Strathmore Scholarship but later expanded to span the entire region to encourage more students to apply. In order to function, the Skills for Life Scholarship Program collaborate with academic institutions in Kenya, Uganda, and Tanzania. The Strathmore University, the University of Nairobi, the Makerere University, the Dar es Salaam and Mzumbe Universities in Tanzania, as well as other private and public universities in the region, are some of the private and public universities in the region that the program works with.

CHAPTER FOUR: MULTINATIONAL CORPORATIONS AND THEIR ROLE AND INFLUENCE ON THE HUMAN RESOURCE DEVELOPMENT OF THE KENYAN LABOUR MARKET

4.1 Introduction

This chapter critically analyzes issues raised in the entire research study with regard to the role of Multinational Corporations in human resource development. This has been specifically narrowed down to practically examining the various ways in which the East African Breweries Limited engages itself in building human resource.

4.2. Critical Findings

The study's goals were to examine how EABL develops its employees, assess EABL's human resource development through internships in the industry, and gauge EABL's expansion of its human resource capacity through corporate social responsibility. The findings that are discussed here are consistent with those goals.⁶⁸

According to Gomez-Mejia et al., human resource development (HRD) is a sustained effort in which an organization assists employees in realizing their full potential through initiatives that are intended to help them develop and acquire the skills they need to advance along their desired career paths. Based on this criterion, the study found out the East African Breweries (EABL) firstly builds human resource capacity within the organization by enhancing the skills of its workforce or by giving industrial training to interns. On the other, EABL builds human resource outside the corporation through its CSR organ known as EABL Foundation that was founded in the year 2005. Through the EABL Foundation, needy and brilliant student are given scholarships to cater for their university education, in what is known as the Skills for Life Scholarship.

4.2.1 The East African Breweries Limited and its Influence on Staff Development

According to Mckenya, human resources are valued assets of the company. He further argues that there should be interplay between a strategy for human resource and the main strategy for

⁶⁸ Inline with Chapter Three of this Study

the business.⁶⁹ It was found out in chapter three that EABL values its human resource and builds its own human resource capacity through it calls staff development. This comes in various forms ranging from careful selection and recruitment of employees; evaluation of employees' potentials or employee appraisal; absorption of graduate management trainees. All this comes at cost in terms of money and time spent on the same.⁷⁰

When it comes to recruitment, EABL is challenged by the surety of recruiting qualified people who will help the corporation to survive completion that comes from within Kenya, from within the East Africa region and the international business arena. Finding the right people for recruitment is one and retaining them is another as some opt out for greener pastures while others are proved inefficient. Although the resource team carefully identifies the capabilities a particular prospective employee can bring into the corporation, some candidates who are perceived as best suited for recruitment turn out to be inefficient and unreliable. This has made the human resource team to form an opinion that some potential employees portray a picture that is totally different from what they indeed are. This then calls for a keen observation of individuals' performance while under probation. Whereas in some cases inefficient employees are laid off, some employees are subjected to thorough orientation and training. Once recruitment has been done, EABL assists new recruits, especially those who have not previously worked in international environment to recognize that they will be working in a multi-cultural environment.

As was shown in chapter two, HRD includes initiatives like coaching, job rotation, mentorship, and financial aid schemes. Employees are rotated through different tasks as part of a formal program designed to help them develop their talents and gain knowledge of the different areas of the business.⁷¹ And as found out in chapter three, EABL evaluates its employee's potentials. Although this exercise is aimed at finding out what one is best suited for, the exercise has over the years been dreaded and given a cold shoulder by the employees. One of the junior staff

⁶⁹ Eugene Mckenya and Nic Beech, *The essence of Human Resource Management*. (Prentice Hall: New Delhi, 2004) pp. 9-10 for further discussion on the same, see chapter 3

⁷⁰ In line with Chapter Three of this Study

⁷¹ See Chapter two of this study Gomez-Mejia, L.R., Balkin, D.B. and Cardy, R., *Management: People, Performance, Change*. (New York: McGraw-Hill/Irwin, 2008), p. 412

members of EABL argued that evaluating them is worrying as its outcome can be used as a criteria of laying them off or demoting them.⁷²

Chapter two of this study reveals that human resource management (HRM) are those activities that managers participate in these activities to draw in and keep people, as well as to guarantee that they perform well and help the firm achieve its objectives.⁷³ Training and development, compensation and benefits, performance reviews and feedback, and labor relations are some of the factors that might help employers recruit and keep employees. According to an informant of EABL, the corporation should instead identify the individual's development needs with regard to skill development so that one can be helped to develop the identified skills through further studies. However, the rear is that many employees leave shortly after acquiring their advanced studies. This then means the corporation stands to lose. As a way of curbing such loses, the corporation identifies areas where the employee are subjected to training within the corporation and sent to attend various seminars.

It was found out in Chapter three EABL's engage itself in what it calls Talent Management, in which case departmental managers are supposed to examine their respective staff to identify what one is good at. The members of staff with related talent are identified and advised to work as a team. This in turn ushers in team development. Such groups are expected to analyze the current way of doing things in relation to the desired outcome(s). *Ceteris paribus*, the more and more the members of a group work together, personal aspirations have to be put aside and pursue that which will sustain the corporation.⁷⁴

It was found out that EABL as well develops its own human resource capacity by giving potential managers the opportunity to act as substitute to managers who are on holiday. This enables one to learn the manager's job. At times some potential managers are appointed to serve as assistant manager as a way of learning from their seniors. However, it was found out fro some managers interviewed that they feel insecure by the take-care mangers, especially those who can

⁷² The information was sourced from an interview of junior staff members at EABL

⁷³ Chapter two of the study. Gareth, R.J. and Jennifer, M.G., *Contemporary Management* (6th ed.). (New York: McGraw-Hill/Irwin, 2009), p. 423

⁷⁴ Angela Mutua's reflections as per the information sourced from middle level managers at EABL in September, 2011

easily outshine them and eventually displace them.⁷⁵ Another way through which EABL develops its own human resource capacity by appointing existing employees to committees within EABL work force with the aim of helping them increase their exposure to other staff members and provides one with the opportunity to grow and make recommendations in the presence of other staff members. This is accompanied by job rotation within the East African offices and fields with an aim of stimulating the development of new ideas.

Gareth claims that HRD is a process that helps organization employees develop their knowledge and abilities so they are ready to take on new responsibilities and tasks.⁷⁶ It was found out that EABL engages itself in building its own human resource through absorbing graduate management trainees.⁷⁷ It is only university graduates who qualify for this form of recruitment. Emphasis is laid on people with academic training in management, commerce finance, human resource, entrepreneurship, marketing and engineering. Priority is however given to people who have got additional professional training for instance in CPA, CPS and ACCA. Having postgraduate qualifications is always an added advantage to a potential recruit. While doing this recruitment, the corporation puts into consideration gender “balance” in the sense that at least each single recruitment exercise, females are given equal chances of joining the corporation.

The graduate management trainees are recruited into various positions such as middle level management; assistants of senior managers; finance and accounts persons; plant management persons and marketing managers against the rising competition from Keroche industries, cheap imports and counterfeited alcoholic drinks bearing the EABL brand names. The marketing and sales team is charged with the responsibility of reaching out consumers through making innovative adverts and issuing stickers mounted on taxis and other vehicles warning people not to drink and drive.⁷⁸

⁷⁵ Ibid

⁷⁶ See more relevant theoretical underpinning in chapter two of this study. Gareth, R.J. and Jennifer, M.G., *Contemporary Management* (6th ed.). (New York: McGraw-Hill/Irwin, 2009), p. 438

⁷⁷ Analysis done as pr the information sourced during the interview carried at Ruaraka EABL. The main informant was the human resource manager. Her information was supplemented by the assistant human resource manager. Date: September 5, 2011

⁷⁸ Analysis done as pr the information sourced during the interview carried at Ruaraka EABL. The main informant was the human resource manager. Her information was supplemented by the assistant human resource manager. Date: September 5, 2011

4.2.2 The East African Breweries Limited's Industrial Training of Interns and its Influence on the Kenyan Labour Market

Other than EABL staff development as discussed above, EABL engages itself in human resource development within its plants through the industrial training of interns from various universities. Owing to limited space, a few university students are offered the opportunity to undergo this training. Last year alone, EABL absorbed 120 interns in different calendar times of the year, but not all who stayed until the end of the industrial training period. The interns absorbed were pursuing the following courses: Bachelor of Science in Computer Science, Bachelor of Business Administration, and Bachelor of Commerce, as well as a Bachelor of Science in Engineering.

Within the mutual value concept that guides this study, one can argue that both the interns and the corporation benefit from the industrial training. This experience offers the interns the opportunity to put into practice the classroom theories and secondly the interns benefit from the practical skills they get from EABL depending on one's area of training. While doing this they also make a contribution to EABL's workforce. The interns upon successful completion of the industrial training, they are given internship recommendation letters. Moreover, depending on one's efficiency while pursuing internship, some interns have found their way back to EABL's workforce. This not only benefits them in terms of job security but as well helps them to give back to their respective families in the form of sustaining their dependants. On the other hand, EABL will benefit from their resourceful input. Although it is commonly perceived that interns are the major beneficiaries, it was found that the relationship between the two referents is symbiotic in terms of benefits that accrue to either side. It was found out that EABL benefits from the various lines of thought brought by the interns as per their various areas of professional training. On the other hand, EABL benefits from industrial placement reports written by the interns. It then follows that that there is mutual value that accrues to either side and based on this reason, EABL's Human Resource team cannot do away with interns who undergo industrial training.

4.2.3 The East African Breweries Limited's Corporate Social Responsibility Programmes and its Influence on the Human Resource Development in the Kenyan Labour Market

Other than EABL's staff development and industrial training of interns as discussed above, EABL is taking a leading role of developing human resource through its Corporate Social Responsibility. As part of its social philosophy of collaborating with communities around the region to address pressing needs, The East African Breweries Limited, through its CSR arm known as the EABL Foundation, actively participates in giving back to the community in a variety of ways.⁷⁹ In a statement, the company emphasizes the importance of giving back to the community: "Giving back to our communities in a real and lasting way is not only the moral thing to do, but it is also essential to our business. As a major producer of alcoholic beverages in East Africa, we think that by being there, all the communities where we do business will benefit. We prioritize the places where our effects will be felt the most in our efforts to do this."⁸⁰

People are frequently referred to be the most important resource because they depend on other resources in their immediate environment to survive. In terms of protecting the environment, EABL has worked to continuously enhance its environmental performance, focusing its efforts on regions that have the most effects on its manufacturing and distribution sites. "Thanks to our environmental strategy, all of our facilities are consistently pushed to enhance their performance in these areas. We have a highly motivated and environmentally conscious staff team that actively participates in tree-planting initiatives in the area."⁸¹

According to the report, the Skills for Life initiative, which seeks to empower people and communities to fulfill their full potential and improve their prospects in life, has improved the chances that people would succeed in life.

EABL plays a leading role in assisting others in assisting themselves. This is accomplished by awarding the Skills for Life Scholarship to deserving but financially strapped students from universities in Kenya, Uganda, and Tanzania, including The Strathmore University, the

⁷⁹ <http://www.eablfoundation.com/corporate.htm>

⁸⁰ <http://www.eablfoundation.com/corporate.htm>

⁸¹ <http://www.eablfoundation.com/focus.htm>

University of Nairobi, the Makerere University, the Dar es Salaam and Mzumbe Universities in Tanzania, and other private and public universities in the region are partners with the program who in spite of excelling in their studies cannot afford university education. Such students pursue Business, Information Technology, Engineering and Food Science. Most of the students who are funded by EABL come from informal settlements where their basic education was achieved through community support and well-wishers. Empowering such students enables them to build a better future not only for themselves but also for their communities.⁸²

4.3 The East African Breweries Limited's Human Resource Development and Human Rights

As pointed out by Susan Ariel Aaronson, "The Universal Declaration of Human Rights calls upon all organs of society, whether civic groups, corporations, or governments, to protect and promote human rights," points out.⁸³ As found out during the study, EABL engages itself in three main ways namely, staff development, industrial training of interns and funding university education through its CSR organ known as the EABL Foundation. Focusing on CSR, Warhurst observes that CSR has got societal priority issues. Whereas some feel that corporations have no business pressuring governments on human rights issues, some feel that corporations have a duty of upholding human rights within them and in areas directly influenced by them.⁸⁴

Warhurst claims that CSR gives businesses the chance to show their human side to the public, particularly the local areas where they are doing business. Alongside its corporate objectives, the organization really pledges to support social advancement. According to the World Business Council for Sustainable Development's (2008) definition of CSR, it is "the ongoing commitment by business to behave morally and contribute to economic development while enhancing the quality of life of the workforce and their families as well as of the local community and society

⁸² The information was sourced from through interviewing the human resource team at Ruarak and it is in line with the information provided in EABL's website: http://www.eablfoundation.com/uni_scholarships.html
Date viewed: October 8, 2011

⁸³ Susan Ariel Aaronson cited in Victoria Brenda Rangel, *Multinational Corporations and Corporate Social Responsibility: How History, Non-governmental Organizations and International Groups are Changing Business*. May 2007. p. 20

⁸⁴ Alyson Warhurst, "Corporate Citizenship and Corporate Social Investment: Drivers of Tri-Sector Partnerships" in *JCC 1 Spring 2001* (Greenleaf Publishing), p. 58

at large.”⁸⁵ Within this thinking, one can argue that EABL’s steps of empowering workers, training interns and funding the education of needy but brilliant students are key steps that a Multinational corporation can take in ensuring that people are accorded what they deserve. All these roles played by EABL fall under the second generation rights, which are economic, social and cultural rights. The EABL Foundation as well addresses third generation rights by through the provision of clean and safe water and through its endeavor of care and conservation of the environment by planting trees.⁸⁶

According to Galtung,⁸⁷ a society can have structural conditions in which people are unable to realize their full potential. People existing in such an environment are prevented by structural constrictions from enhancing their skills in a normal manner or even realizing that such developments are possible. One of the key structural conditions addressed by EABL is poverty and illiteracy. These two can prevent people from realizing their full potential.⁸⁸

4.4 The East African Breweries Limited’s Human Resource Development and Community Development

The relationship between the EABL and the beneficiaries is that the former is the core while the latter is the periphery: the latter depends on the former. Having this in mind, one can argue that in as much as a corporation opts to help its workers and support university education, it should be on the guard or else it will create a dependency syndrome. In such a situation, the benefitting referents may overtime find it difficult to exist without the latter. If a host community’s realization of its potentials fully relies on an external stakeholder like a MNC, the community may progressively find it difficult to exist without the latter, thus entrench dependency disorder or syndrome. It is therefore necessary for an external stakeholder, say a MNC, to ensure that the community owns its human development for the purpose of ensuring sustainability.

⁸⁵ Chai Lee Goi “Contribution of Public Relations (PR) to Corporate Social Responsibility (CSR): A Review on Malaysia Perspective” in *International Journal of Marketing Studies* November, 2009. Vol. 1, No. 2. p. 46

⁸⁶ Angela Mutua’s analysis (2011)

⁸⁷ Johan Galtung, “Violence, Peace Research,” *Journal of Peace Research*. Vol.3 (1969), p. 168

⁸⁸ A. J. R. Groom, “Paradigms in Conflict: The Strategist, the Conflict Researcher” op. cit. p. 94

4.5 Summary of the Key Chapter Finding(s)

The chapter finds that EABL employs human resource development programs such as mentoring, coaching, job rotation and tuition assistance programs. Employees are rotated through multiple positions as part of a systematic program to broaden their skill sets and gain knowledge of the many departments within the company. Moreover, EABL evaluates its employee's potential in order to find out what one is best suited for. EABL also employs talent management initiatives at the departmental level in order to identify what one is good at.

EABL also develops its own human resource capacity by giving potential managers the opportunity to act as substitutes to managers on leave. This enables one to learn managerial skills. At times some potential managers are appointed to serve as assistant manager as a way of learning from their seniors. Graduate management trainees are recruited into various positions such as middle level management; assistants of senior managers; finance and accounts persons; plant management persons and marketing managers.

The chapter also found that EABL engages itself in human resource development within its plants through the industrial training of interns from various universities. Additionally, EABL uses its corporate social responsibility scheme to offer skills through scholarships in order to empower young people and communities through university education.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the study's final chapter, in which the findings are essentially summarized, conclusions are made, and recommendations are given.

5.2 Summary of Results

Based on the first objective of this study which was to assess the influence of Diageo's East African Breweries Limited on human resource development in Kenya, this study has established that Diageo's East African Breweries Limited's is critical to human resource development in Kenya through the use of training programmes to assimilate recruits to the corporation. Additionally, the multinational acclimatizes Kenyan employees to a multi-cultural environment. The multinational also has a programme to train and absorb graduate trainees though this is largely biased on students trained in managerial, commerce finance, human resource, entrepreneurship, marketing and engineering. Additionally, the EABL offers in-house training opportunities known as internal surgery whereby the corporation identifies areas where the already employed members of staff are subjected to training within the corporation through seminars, workshops and apprenticeship. Whenever there is change of management, the newly appointed managers are exposed to an induction training to enable them to fit in. EABL's human resource department also helps various departments to identify key issues, gather information about them and craft action plans that befit the issue. Additionally, the EABL's human resource team rotates its employees within the East African offices and fields. This is designed to stimulate the development of new ideas.

Based on the second objective of this study which was to evaluate the influence of Diageo's East African Breweries Limited's labour entrants' human resource development programmes on the Kenyan labour market, this study has established that the East African Breweries Limited's Labour Entrants' Internship Programmes has a significant impact on the Kenyan labour market in that while under internship, the interns are offered the opportunity to put into practice the theories they learn in campus. Secondly the interns benefit from the practical skills they get from EABL. The skills that one gains depend on his or her area of training and placement. Upon

successful completion of the industrial training, the interns are given internship recommendation letters which they can use in future while seeking for employment elsewhere.

Based on the third objective of this study which was to analyze the influence of Diageo's EABL's CSR programmes on the Kenyan labour market, the study established that the EABL's CSR Programmes On the Kenyan Labour Market, a feat done through the EABL Foundation, the CSR organ of EABL, is based on the third objective of this study, which was to examine the influence of the CSR programs of the EABL on the Kenyan labor market. The study found that this has an effect on the labor market via scholarships offered through the Skills for Life Scholarship, an initiative that started as the Guinness Strathmore Scholarship in 2001 but later expanded to cover the entire East African region in order to encourage more students to apply. Working in tandem with academic institutions in Tanzania, Kenya, and Uganda, this skills scholarship program achieves its goals. The University of Nairobi, the Strathmore University, the Makerere University, Dar es Salaam University and Mzumbe Universities in Tanzania and other private and public universities in the region are partners with the programme.

5.3 Conclusions of the Study

With regard to the first objective, this study concludes that EABL develops human resource in two ways namely, training and retraining its workforce within the organization and through subjecting them to attending workshops. EABL as well gives the employees through assimilation what they think is good treatment, good enough to retain its workforce. EABL assists new employees especially those who have not previously worked in international environment to recognize that they will be working in a multi-cultural environment for the purpose of avoiding cultural shocks that are known to make some people quit their jobs. This shows that Multinational Corporations have what it takes to develop human resource development from within and without. This can take the form of subjecting employees to training within the corporation or send to universities to advance their skill through the part-time mode. Secondly, a MNC build human resource capacity of its workforce by rotating them within the organization. This will help them to acquire from other departments various skills that will not only make them multitask but as well use the same skills to work towards developing the corporation. There are

times when potential managers are given the opportunity to act as substitute to managers who are on holiday. As one does this, he/she gets the opportunity to learn the manager's job.

With regard to the second objective, the study concludes that industrial training of university students who are up for internship helps enhance the Kenyan labour market skillsets through the recruitment of graduate management trainees who get subjected to training by senior and middle level managers on how to engage themselves in the management of the country's resources in the near future. This shows that MNCs can develop human resource capacity through absorbing graduate management trainees who are then subjected to further training so as to benefit the goals and ideals of the MNC. Such skills are not only useful within the MNC, but can as well help an individual to be a performer elsewhere in future. The major challenge found out is that some employees exit after the MNC has spent much on training the individual. Moreover, MNCs can develop human resource capacity through offering industrial training to interns. This will not only benefit the interns but as well help the MNC in question to develop through learning from the interns' industrial placement reports written by the interns. The interns benefit from MNCs by putting into practice classroom theories; garner practical skills earn a stipend, get an internship recommendation letter and probably get recruited by the very corporation after graduation.

Thirdly, the use of the company's CSR has been critical in the development of the country's human resource through supporting education/skills development in various universities within East Africa in what it calls the Skills for Life Scholarship which is an initiative that enables needy students to realize their prospects and advance their life prospects. EABL does this through EABL Foundation, which is the CSR organ of EABL. This is made possible by EABL's corporate citizenship investments through a commitment of 1% of EABL's post tax profits every year. In so doing, EABL plays a leadership role in the Kenyan labor force development. This shows that Multinational Corporations can develop human resource capacity through their corporate social responsibility docket. A Multinational Corporation can for instance use part of its profits to give back to the host community through supporting the education of the needy students who are brilliant but have got no one to rely on for further studies. However more can be done through fundraising for the needy students.

5.4 Recommendations

Based on the study findings, the following recommendations were made:

1) Since any strategy undertaken by a corporation will impact on its employees, the HR must understand the global landscape of everything that pertains to employees right from the recruitment, training, compensation, benefits packages and corporate citizenship techniques used in other countries to bring about human resource development.

2) It was found out that some graduate management trainees, quit employment soon after recruitment in favour of greener pastures. The study recommends that as part of developing the human resource of a MNC, a corporation in question should give an attractive package.

3) The EABL should not only rely on its profits to fund university education of needy students but as well come up with a fundraising office which will enable it to raise enough to help the many needy students out there as a way of combating challenges associated with illiteracy and poverty. Fundraising can for instance take the form of requesting those who were given scholarships and are now working out there to voluntarily give back to EABL so that other needier students can be helped. Additionally, at times people who do not excel in studies and do not eventually get a job or get engaged in self-reliance activities, become a security threat to the society within which MNCs operate. Based on this reasoning, the study recommends that EABL should in future think of coming up with a kitty to help those who did not pass in secondary school pursue practical skills like micro-entrepreneurship skills development to enable them engage themselves in meaningful activities.

5.5 Suggestions for Further Research

While this study was focused on the role of MNCs in human resource development cased the East African Breweries Limited, the same tools that the study used in achieving this can also be used in studying the role played by other Multinational corporations for the purpose of comparison. The researcher as well recommends that there is need for a study to be carried out on the role of MNCS in community development.

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APPENDICES

ANNEX I: QUESTIONNAIRE

INTRODUCTORY LETTER

Dear Participant

My name is Angeline Mutua and I am a graduate student at the University of Nairobi. As part of my academic requirements, I am researching on the influence of multinational corporations' transnationality on human resource development in the Global South using Diageo's East African Breweries in Kenya as the case study. Because you are an employee of EABL, I am inviting you to participate in this research study by completing the attached questionnaire. In order to ensure that all information will remain confidential, please do not include your name. If you choose to participate in this project, please answer all questions as honestly as possible and return the completed questionnaires promptly. Participation is strictly voluntary and you may withdraw your consent at any time. Thank you for taking the time to assist me in my educational endeavors. The data collected will provide useful information regarding the influence of multinational corporations' transnationality on human resource development in the Global South.

Sincerely,

Angeline Mutua

SECTION A: DEMOGRAPHIC INFORMATION OF THE RESPONDENTS

- 1. Sex
Male () Female ()
- 2. Age of Respondent (In Years)
18-35() 36-45 () 46-55()
- 3. Number of years' that the respondent has worked at EABL
Less than 2 years() 2-5 () 6-10() 10+()

SECTION B: DIAGEO'S EABL AND HUMAN RESOURCE DEVELOPMENT (HRD) IN KENYA

- 4. What does it take to recruit employees?
- 5. Does EABL have a management trainee programme?
- 6. How does it work?
- 7. Does EABL have a gendered approach to the programme?
- 8. What type of training do employees get?
In-house Training ()
Specialized Skills ()
Leadership Training ()
On the Job Training ()
- 9. What are the college or university professional areas of training of the interns considered for industrial training at EABL?
- 10. Influence of the EABL's labour entrants' internship programmes on the Kenyan labour market?

11. What is the influence of EABL's Corporate Social Responsibility's Education Programme on the Kenyan labour market?

12. What is the influence of EABL's Skills for Life Scholarship on the Kenyan labour market?

SECTION C: INFLUENCE OF EABL ON THE HUMAN RESOURCE DEVELOPMENT OF THE KENYAN LABOUR MARKET

13. What is the influence of Diageo's Human Resource policies on staff development?

14. What is the influence of Diageo's Human Resource policies on employees' labour and human rights?

15. What is the influence of Diageo's internship programme on staff development?

16. What is the influence of Diageo's CSR on human resource development in Kenya?

17. What is the influence of Diageo's Human Resource policies on community development?

Final Research Project

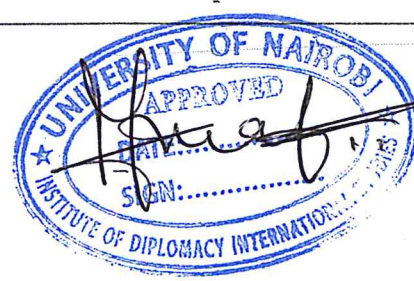
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