

**THE EFFECT OF CROSS CULTURAL TRAINING (CCT) ON  
EXPETRIATE PERFORMACE IN MULTINATIONAL FIRMS IN  
THE PHARMACEUTICAL INDUSTRY IN KENYA**

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## DECLARATION

This research project is my original work and has not been presented for a degree award in any other institution.

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This research proposal has been submitted for examination with my approval as the University supervisor.

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## **DEDICATION**

I dedicate this Project to My wife Rispah Sayo, My daughters Joella, Joyline and My Parents Ray and Julia Sayo.

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## **ABBREVIATION AND ACRONYMS**

MNC's	:	Multinational Companies
CCT	:	Cross Cultural Training
TPE	:	Total Pharmaceutical Expenditure
KE	:	Kenya Shilling
USD	:	United States Dollar
GDP	:	Growth Domestic product
CAGR	:	Compound Average Growth Rate
COMESA	:	Common Market of Eastern and Southern Africa
US	:	United States
GSK	:	Glaxo Smith Kline

## ABSTRACT

The rise of global multination has brought out the need for people to work across international borders. Global corporations send people they trust to their operations overseas so that they can successful take care of their interest. With this the global economy has seen the rise of expatriates' assignments. Literature has stated the importance of cross-cultural training to these expatriates with most attributing the failure of expatriate training to inadequate or lack of cross cultural training(Black &Gregerson, 2007; Tung, 1981). Studies have shown that expatriate training is close to 40% and the cost of this failure to organization is in to the millions of dollars(Scullion, 2005; Harzing & Christensen, 2004). Cross cultural training effectiveness on performance of expatriate training has been a subject of discussion over the years. With some multination corporations not offering it arguing that CCT does not help improve the performance and successes of expatriate training. Literature states that only 30% of expatriates get cross-cultural training. Most of this is inadequate and does not involve the family of expatriates. This study seeks to establish the effectiveness of cross-cultural training in the performance of expatriates in Kenya's pharmaceutical. The study will determine the relationship between various performance parameters and how they are influenced by proper cross cultural training, the study seeks to establish the kinds of cross cultural training, the challenges that multinational firms face in expatriate performance and ultimately the effects of cross-cultural training on the expatriate training performance(Scullion, 2005; Harzing& Christensen, 2004).

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Economic globalization has spurred the expansion of multinational corporations (MNCs) and has multiplied the numbers of the human capital moving across the globe. In order to maintain and enhance their global competitiveness, the MNCs rely on finding the right people who can effectively manage and operate their overseas businesses (Dowling & Welch, 2005). Multinational company needs expatriates who are representatives, ambassadors and have knowledge integration of operations and are capable of knowledge transfer, possess global managerial skills. This is critical to the success of the multinational organisations. As expatriates play a pivotal role in managing and coordinating the operations of the firms (Morgan, Nile, and Young, 2004, p.1247; Yavas and Bodur, 1999, p.267b). Internationally effective human resource management can be a critical determinant of success in international business, and multinational organisations can face difficulties on fulfilling global strategies successfully if they have shortage of internationally qualified, skillful managers (Shen, 2005, p. 656).

Moreover, the financial cost of expatriate failure and their underperformance are usually very high (Scullion, 2005; Harzing & Christensen, 2004). All of these factors point to the fact that expatriate failure is a serious matter of the MNCs (Black & Gregerson, 2007; Tung, 1981), one that requires them to find effective ways to deal with it. Consequently, learning about cultures, becoming aware of cultural differences, and having competence

in cross-cultural communication are a must for expatriate managers so that they can adjust to a new cultural environment and carry out a successful overseas assignment. Aware of these realities, an increasing number of MNCs endeavor to equip their expatriates with competencies necessary for effectively working overseas through cross-cultural training (Ashamalla,1998;Caligiuri,Phillips,Lazarova, Tarique,&Burgi,2001).In spite of the fact that the effectiveness of cross-cultural training on overseas assignments is not strongly asserted in the literature (Black & Mendenhall, 1990;Litrell&Salas, 2005; Selmer, 2005).

There is a lack of unitary theoretical framework for CCT. There have been a variety of theoretical frameworks developed to explain why CCT should facilitate an expatriate's success on an overseas assignment. Some of these frameworks include:-Social learning theory, adjustment theory, expertise development theory, and culture shock theory. Social learning theory as noted by Bandura states that learning is a process influenced by experience and observation in which the experiences and observed consequences of behavior shape learning. The U curve of adjustment is a theory that explains the various phases that an expatriate goes through while adjusting to the host country. The process follows a U-shaped curve progressing through a honeymoon period, culture shock period, attempted adjustment period, and then mastery period .Another theory that is often used in an attempt to address culture shock is the theory of met expectations. This theory is based on the premise that an expatriate holds expectations regarding the assignment before he or she enters the organization. These theoretical frameworks can be used to aid in the designing of CCT programs for expatriates and possibly to explain why CCT

facilitates an expatriate's performance on an overseas assignment. All of these frameworks have not been empirically tested in relation to CCT. Researchers within the area of CCT warn that these theoretical frameworks should be used cautiously when applied to CCT design and evaluation (Black, Mendenhall, 1990).

Trained expatriates can help multinational organizations operating abroad to have competitive advantages. Because it will supply these organizations with an exceptional and distinguished position that can develop not only quality and standard of service but products as well. The expatriates' training is a key consideration in any multifaceted organization. Skill and knowledge not only mean power for the global marketplace but there are a lot of other benefits of Cross Cultural Training (CCT) which include gaining of the cultural awareness (Harris, and Moran, 1987), learning about oneself, developing and encouraging self-confidence, improving confidence, developing and progressing motivation, developing ability to analyze problems from different perspectives, learning the improved ways of leading life, making people good listeners, improving a sense of mutual understanding among society and developing people's skills (Payne, 2004).

### **1.1.1 Cross Cultural Training**

Cross Cultural Training (CCT) includes gaining of the cultural awareness (Harris, and Moran, 1987), learning about oneself, developing and encouraging self-confidence, improving confidence, developing and progressing motivation, developing ability to analyze problems from different perspectives, learning the improved ways of leading life, making people good listeners, improving a sense of mutual understanding among society

and developing people's skills(Payne, 2004) Ligiuri, Lazarova, and Tarique (2005) point out that cross-cultural training aims at helping employees feel comfortable living and working in a host country, thus enhancing their cross-cultural adjustment and strengthening their ability to understand and appreciate multiple cultural perspectives. Studies show that only 30 percent of expatriates get CCT before being posted on overseas assignments. One of the main reasons why CCT is not provided in some countries is that it is thought that training is not so much effective to be successful on overseas assignments .Given the concerns about the high ratio of expatriate failure, the high cost of these failures, and how they impact upon the MNCs, Bennett, Aston, and Colquhoun (2000) put forth specific recommendations designed to enhance the success of expatriate assignments and minimize failure. They contend that cross-cultural training programs should be crafted in such a way that objectives will help assignees do three things: (1) manage change in terms of personal and professional transition; (2) manage cultural differences; and (3) manage their responsibilities within a different cultural environment.

MNCs have some strategies in terms of their objectives, aims related to overseas missions. They have preparation, support, and training programs such as screening and self-selection Programmes, organizational and social support Programmes, orientation programmes, Training programmes etc. in order to overcome challenges abroad. They need to focus on strategies of the challenges and skills required for success on the overseas assignments (Fontaine, 1997, p. 641).How can they do? They can provide CCT for their employees to send on overseas missions. Because by providing CCT, global

organizations firstly aim to develop more international managers who may better understand different culture and may apply this knowledge in Cross Cultural situations.

### **1.1.2 Expatriate Performance**

The definition of an expatriate in business context is an employee who is either transferred or hired to engage in work assignment while living in overseas country so he or she is a controller, coordinator, and knowledge transferor (Russell, 2006, pp. 18-22).

As a result, expatriate is the person who is selected in terms of some criteria by a business or company to send him or her to a related unit in a country to help reaching the objectives of the company by management, coordination, control, knowledge transfer etc.

It can be concluded that there are numerous types of expatriates; businesspersons, development workers, technicians, missionaries, educators, government personnel, students, and military personnel (Russell, 2006, p. 18). The expatriate often is charged with the varied tasks of transferring and introducing technologies, overseeing the operational implementation, establishing organizational culture, establishing new market operations, and developing communication skills (Bennet, Aston, Colquhoun, 2000).

Inconsistencies in defining expatriate success abound. Early return rates of expatriates have been estimated to be as high as 40% (Black & Mendenhall 1990). An early return is also costly to the home country MNC. These failures can cost an organization up to a quarter of a million dollars each not to mention that a significant portion of talent may leave the organization upon return of successfully completing their expatriate assignment (Littrell, Salas, Hess, Paley, Riedel, 2006). Even if the expatriate remains in the host

country for the duration of the overseas assignment, the expatriate's assignment may be defined as unsuccessful for several reasons. Some of these reasons for failure include delayed start up time, a disruption of the relationship between the expatriate and the host country, damage to the expanding or multinational corporation's image, as well as expatriate specific issues such as inability to adapt to the physical and cultural differences of the environment (Bennett, Aston, Colquhoun, 2000).

In terms of success a successful expatriate assignment is often defined as one in which the expatriate remains in the host country for the duration of the assignment, achieves a high degree of personal adjustment to the new host country, achieves a high degree of professional effectiveness in accomplishing the assignment responsibilities, and achieves a high degree of interpersonal adjustment (Bennett, Aston, Colquhoun, 2000). Each MNC must determine what constitutes success as based on their respective global strategies and how and to what degree the international assignment meshes into or agrees with those strategies. The MNC often will view success as having the right person in the right place at the right time. A successful expatriate as defined by a MNC must be prepared to adjust to the local environment, to achieve a satisfactory lifestyle while on assignment, and of course to accomplish the specific objectives of the assignment.

### **1.1.3 Pharmaceutical Industry in Kenya**

Total pharmaceutical expenditure (TPE) in Kenya in 2006 was KES 26,796 million (US\$372 million), which represented a per capita pharmaceutical expenditure of KES 714 (US\$ 9.9). Total pharmaceutical expenditure accounted for 1.65 % of GDP and made



up 36.64% of the total health expenditure. The government expenditure on Pharmaceuticals per capita in 2006 was KES 66.19 (US\$ 0.92). Private expenditure on Pharmaceuticals in 2006 was KES 10,340 million (US\$ 143 million). Since 2006 the Pharmaceutical industry has experienced a steady growth to a total of, KES63.75bn (USD725mn) in 2014 to KES73.36bn (USD791mn) in 2015; 15.1% growth in local currency terms and 9.2% in US dollar terms. Kenya's prescription pharmaceuticals market was worth \$423.2 million last year, and is set to increase at a compound annual growth rate (CAGR) of 11.8% to 2019, say new forecasts.

Kenya's pharmaceutical exports grew by 96 per cent between 2004 and 2008, corresponding to a Compound Average Growth Rate (CAGR) of 18.3 per cent over this period. About half of Kenyan exports of pharmaceutical products are destined for the United Republic of Tanzania and Uganda. Yet, despite the fact that Kenya's exports of medicines are expanding, a comparison with exports from South Africa over this same period shows that Kenya still has further export growth potential within COMESA. Comparative advantages for Kenyan pharmaceutical manufacturers within the subset of neighboring COMESA countries include their proximity to import markets and the freer movement of goods they enjoy as of 1 July 2010 when the East African Community's protocol on goods, labour, services, and capital came into force. Local pharmaceutical companies in Kenya face competition on two fronts. Firstly, from their peers, and, secondly—and collectively—from imports, often from suppliers of raw materials who also manufacture finished products. In fact, it could be argued that the more significant confrontation is the competition between local industries and imports because, imports

are rising sharply and grew by more than 30 per cent between 2007 and 2008. Imports account for the bulk of the domestic pharmaceutical market, supplying about 72 per cent of demand.

The presence of Pharmaceutical multinational companies in the country has been also on the rise, most of the 20 top global pharmaceutical multinationals have set up offices in Kenya. With some of the leading multinational setting distribution hubs In Kenya for example Pfizer, the US based Pharmaceutical Company. GlaxoSmithKline (GSK) is reported to be Kenya's leading pharmaceutical supplier, with around 12% market share. This is primarily the result of strategies pursued by the company in 2009 which reduced the prices of key products by approximately 40%. Around 41% of all anti-infective products sold in pharmacies were licensed to GSK. GSK's dominance in Kenya's pharmaceutical market overall is largely attributable to its success in anti-infectives, which account for approximately 42% of all revenues generated in the prescription sector. Indian international and transnational pharmaceutical companies have set up shop in Kenya. With the exception of GlaxoSmithKline, which manufactures some products locally, For most of the multinational companies in Kenya, they don't manufacture locally, preferring to import from their plants scattered across the world, some of the countries include, France, United kingdom, Switzerland, Belgium and China. With the help of locally distributors they are able to penetrate the market effectively. However these companies maintain the core functions of marketing, regulatory, and quality control. Top marketing and sales staff, regulatory experts, quality assurance and training personnel are mostly sent from the parent company-expatriates.

#### **1.1.4 Firms in the pharmaceutical industry in Kenya**

In the recent year Kenya has experience an influx of Multinational companies, this includes 15 of the twenty leading pharmaceutical companies in the world. Multinational pharmaceutical companies with notable presence in Kenya are as follows Pfizer, Novartis, Merck & co, Sanofi, GlaxoSmithKline, AstraZeneca, Johnson & Johnson, Eli Lilly & co, Abbot Laboratories, Bristol-Meyers Squibb, Teva, Takeda, Bayer Schering, Boehringer-Ingelheim, all listed in order of their Global revenue size. Pfizer, Johnson & Johnson, Eli Lilly & co, Abbott Laboratories, are all American multinationals. GlaxoSmithKline, AstraZeneca, are British Multinationals, Bayer Schering, Boehringer-Ingelheim, are Germany Multinationals, Teva is Israeli, Takeda is Japanese. These companies either have an office running or they have representation through a local agent. Most of them however send their expatriates to handle, marketing, regulatory, quality assurance and compliance matters. This study seeks to interrogate the effectiveness of these professionals.

To the researcher's knowledge there is no data of how many expatriates these companies have in Kenya, however that's part of this study's objective to establish, In addition, the multinational firms in the Kenyan pharmaceutical industry ,have no data on how effectively their expatriate acquire the skills, knowledge and attitudes that are required to perform in a different environment(Kenya).Therefore reliable data on the effectiveness of their expatriate ,will inform them of the effectiveness of their Cross Cultural Training as well as if it is required at all. This on the other hand will help review, improve and/or adopt cross cultural practices in these firms.

## **1.2 Research Problem**

The issues faced by global organizations are selection, training, adjustment difficulties, families, premature, repatriation problems, culture shock experience of expatriates (Russell, 2006, p. 25), and quite high failure rate of expatriates. Majority of expatriates are not successful, and do not have good performance so they return back early. This situation costs heavily on global organizations operating on overseas assignments. There are various reasons behind this high failure rate of expatriates. MNCs should not ignore providing CCT for their employees sent on overseas missions. The expatriates' training is a key consideration in any multifaceted organization. Skill and knowledge not only mean power for the global marketplace but there are a lot of other benefits of Cross Cultural Training (CCT) which include gaining of the cultural awareness (Harris, and Moran, 1987), learning about oneself, developing and encouraging self-confidence, improving confidence, developing and progressing motivation, developing ability to analyze problems from different perspectives, learning the improved ways of leading life, making people good listeners, improving a sense of mutual understanding among society and developing people's skills,(Payne, 2004).

Studies show that only 30 percent of expatriates get CCT before being posted on overseas Assignments. One of the main reasons why CCT is not provided in some countries is that it is thought that training is not so much effective to be successful on overseas assignments (Black and Mendenhall, 1990, pp. 114.115).Secondly, top management of many multinational companies do not believe in the necessity and effectiveness of cross cultural programs (kline,1994)and in addition the effectiveness of CCT performance is

doubtful for a few scholars(Qi and Lange,2005,P.33).It is the objective of this study to establish the effectiveness and the impact cross cultural training has on the performances of expatriates. Past studies have tackled this subject Zekeriya (2011) concluded in his study that cross cultural training significantly improved the performance of expatriates, however the study featured companies in Pakistan and did not have enough access to global firms.

Ko & Yang (2011) explored this subject and concluded that while cross cultural training improved the success of expatriates assignments abroad, language proficiency in addition to cultural training improved the success of these assignment much more, however in this study, first, it was based on the experiences of a small number of people from one culture (Taiwanese), thus, it cannot be generalized without further investigation across cultural differences. Second, this study was bounded by the industry or organization type. This study seeks to involve expatriates from different cultural backgrounds. In Kenya, the studies that exist are mainly focused on the influence of culture on management and mainly done as a case study of only one company, Njora(2012), examined the cultural receptiveness of Barclays bank of Kenya, with very little discussion on expatriates performances. Watitu(2012)examined performance not of expatriates but of workers in general in a multicultural setting, he particularly majored on the issue of language, and this on one firm in the NGO world. Therefore current researches done leave gaps as they fail to address the issue that concern most of multinational managers and scholars whether Cross Cultural training improve the performance of expatriates irrespective of the industry. To the researcher's knowledge, in Kenya there's very little study have been

done on specific industries, more so in the pharmaceutical industry, which begs the question, what is the effect of Cross Cultural Training on expatriates performances in Multinational firms in the pharmaceutical industry Kenya?

### **1.3. Research Objectives**

The following are the objectives of this research:-

- i)To establish the challenges pharmaceutical firms face in the performance of expatriates
- ii)To determine the kinds of cross cultural training offered by pharmaceutical firms in Kenya to their expatriates
- iii)To determine the effect of cross cultural training on the performance of expatriates in pharmaceutical firms in Kenya.

### **1.4 Value of the Study**

This study will take yet another step towards approving or dis-approving the importance of cross cultural training to expatriates. Theoretical there is need for cultural training, however to the best of the researcher's knowledge very few studies exist in support. In addition the effectiveness of CCT performance is doubtful for a few scholars (Qi and Lange, 2005, P.33).This study will be addition to shade more empirical contributions to these theories.

Kline(1994)top management of many multinational companies do not believe in the necessity and effectiveness of cross cultural programs and in addition the effectiveness of CCT performance is doubtful for a few scholars(Qi and Lange,2005,P.33).This study

will shade more light on the effectiveness of cross cultural training on expatriates performance especially in the pharmaceutical industry in Kenya.

Studies show that only 30 percent of expatriates get CCT before being posted on overseas Assignments. This study seek to show the importance of cross cultural training in the pharmaceutical industry and in addition the nature of the training, this should help improve both the techniques used but also the prevalence of cross cultural training in among firms in the Kenyan pharmaceutical industry.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter we review the theoretical foundation and Cross Cultural training in detail. This chapter discusses the social learning theory, the U-curve adjustment theory and the Sequential model of adjustment theory.

#### **2.2 Theoretical Foundation**

There is a lack of unitary theoretical framework for CCT. There have been a variety of theoretical frameworks developed to explain why CCT should facilitate an expatriate's success on an overseas assignment. Some of these frameworks include social learning theory, adjustment, expertise development, and culture shock. Some researchers argue that these theoretical frameworks can be used in the development of CCT programs (Littrell, Salas, Hess, Paley, Riedel, 2006).

##### **2.2.1 Social Learning Theory**

Social learning theory as noted by Bandura states that learning is a process influenced by experience and observation in which the experiences and observed consequences of behavior shape learning. Under the social learning theory new behaviors are maximized when an individual observes other performing the behaviors and begins to practice this behavior in return. Bandura noted that direct and vicarious experiences shape learning and direct future behavior. Social learning theory allows the individual to observe the consequences associated with behavior and learn to model the behavior to result in



increased learning (Bandura, 1977). If one applies social learning theory to CCT, the expatriate would observe appropriate and inappropriate behavior in the host country and by observing these behaviors the expatriate can base his or her own behavior on these models presented by the host nationals. In utilizing this framework, the expatriate would have the skills necessary to interact appropriately during encounters in the host country. By observing appropriate behavior, the expatriate would be better equipped to recognize the model behavior within the host country. This would in-turn allow the expatriate to reproduce that type of desired behavior based on his or her observing the behavior (Littrell, Salas, Hess, Paley, Riedel, 2006).

### **2.2.2The U curve of Adjustment theory**

The U curve of adjustment is a theory that explains the various phases that an expatriate goes through while adjusting to the host country. The process follows a U-shaped curve progressing through a honeymoon period, culture shock period, attempted adjustment period, and then mastery period. Within the honeymoon stage everything is new and exciting much as it would be to a tourist on vacation in the host country. In the culture shock stage the differences between what the expatriate is used to in the home country and what the new host culture provides becomes apparent. The individual either learns by developing his or her own cultural intelligence or does not learn how to adapt. Individuals who become accustomed to the routines of daily life in the host country eventually move into the stage of mastery, while other may never adjust (Thomas, Inkson, 2004). In applying the U curve theory of adjustment an expatriate adjustment can be described as a function of time. Initially the expatriate is optimistic and excited to be a

part of the new environment. As the assignment progresses, the expatriate may experience frustration or confusion in response to the host country's environment. The expatriate eventually begins to recover and progress to near complete adjustment. In viewing CCT and the expatriate's location on the U curve it becomes important to recognize that individual expatriates may have very different experiences at different times within the assignment. It is important to note that CCT may need to be customized to the period of adjustment the individual is encountering (Littrell, Salas, Hess, Paley, Riedel, 2006).

### **2.2.3 The Culture Shock Theory**

The Culture shock theoretical framework relies on the belief that the design of CCT programs can be enhanced if the training used addresses the problems associated with culture shock. If the CCT program addresses these issues the expatriate should experience lower levels of psychological distress and will have been provided with coping skills for dealing with the physiological, behavior, emotional, and intellectual effects of culture shock. Another theory that is often used in an attempt to address culture shock is the theory of met expectations. This theory is based on the premise that an expatriate holds expectations regarding the assignment before he or she enters the organization. The initial expectations of the expatriate are then compared to the job experiences that the expatriate actually experiences on the job. If the initial expectations of the expatriate are consistent with the actual occurrences of the job, the expatriate is more likely to be well satisfied and adjusted. If the expatriate is less than satisfied or discrepancies exist between job expectations and actual job experiences, the expatriate is more likely to be dissatisfied

with the assignment and leave. Inconsistencies between the expatriate's expectations of the assignment and the reality of the assignment may encumber the cross-cultural adjustment. If the CCT training addresses this issue, the likelihood that the expatriate develops accurate expectations should increase as well (Littrell, Salas, Hess, Paley, Riedel, 2006).

#### **2.2.4 The Sequential Model of Adjustment theory**

The Sequential model of adjustment can also be superimposed onto the Transtheoretical model of change with many similarities. In the ethnocentric phase of the Sequential model the expatriate does not perceive a problem with their beliefs. The differences between the home culture and host culture are not presenting a problem to the expatriate. They feel no need to change their beliefs and are in the precontemplation stage of the Transtheoretical model. The Sequential model of adjustment attempts to prevent this view by providing pre-departure training to address ethnocentric beliefs. Between the ethnocentric phase and the culture-shocked phase, the expatriate begins to perceive differences in the cultures and enters the contemplation stage of the Transtheoretical model. The expatriate is not sure the problems experienced are severe enough to warrant a change in behavior. Moving into the culture shock phase of the Sequential model, the expatriate perceives the need for change but is unsure of how to proceed. They begin to develop plans of action based on the CCT received and evaluate various alternative plans of action. The next phase of the Sequential model moves the expatriate into the conformist phase. In the conformist phase the expatriate begins to form and firm up their plans to address the issues being experienced. This phase corresponds to a rather blurred

line between preparation stage and the action stage of the Transtheoretical model. The expatriate is learning how to appropriately behave and has developed a plan and placed the plan into action. The last step of the Sequential model is the adjusted phase which is parallel to the maintenance step of the Transtheoretical model. The expatriate has learned and is effectively practicing the new behavior.

### **2.3 Cross Cultural Training**

CCT is the procedure to prepare staff and families in order to better understand the work and non-work environment, culture and the host country norms in which they are assigned (Noe et al.2007, p. 34). It is a practice used to enlarge an individual's skill to cope with work in a foreign environment (Zakaria, 2000, p. 496) and seeking to foster a gratitude for the culture of host country (Hill, 2002, p. 574). According to Morris and Robie (2001) CCT is educative procedures that are intended to promote intercultural learning behavioral, cognitive and affective abilities related to effective interaction across cultures (p. 115).CCT refers having the possibility to supply expatriates with the capabilities, skills and knowledge that can be required for such as cross cultural adjustment, and integration in order to develop performance of expatriate, and decrease the failure of expatriate such as premature return and low performance (Shen& Lang, 2009, p. 372).Multinational corporations need to provide some CCT as they encounter different combinations of cultural differences (Selmer, et al., 2007, p. 156). During providing CCT, it would be better ifCCT can be chronological. It should be started from pre-departure CCT to post arrival CCT (Selmer, et al., 1998, p. 835).

Many researchers have outlined a number of CCT methodologies. Major studies were made by Tung (1981, 1982), Brisling, Landis, and Brandt (1983), Mendenhall, Dunbar, and Oddou (1987), and Black and Mendenhall (1989). They note that skills and abilities required of the expatriates are indeed, highly demanding, and these authors use different approaches to integrate them into training programs: the cognitive, the affective, the experiential, and the language-learning approach.

The cognitive or information-acquiring approach deals with “the learning of information or skills from a lecture-type orientation” (Mendenhall et al.,1987,p.339). Its basic assumption is that “knowledge will increase empathy, and empathy will modify behavior in such a way as to improve intercultural relationships” (Campbell, 1969, p. 3). Tung’s Area Studies and Brislin, Landis, and Brandt’s (1983) fact-orientation training fit into this category.

The Affective Approach. “The learning of information or skills via techniques that raise affective responses on the part of the trainee, which results in cultural insights,” defines the affective approach (Mendenhall et al., 1987, p. 339). Tung’s (1981) cultural assimilation and sensitivity training as well as Brislin et al.’s (1983) attribution training and cultural awareness are also grouped together with the affective approach in CCT. Overseas assignments require that the expatriates establish extensive contact with the nationals of the host country (Tung, 1981), which suggests that cultural assimilation training should be supplemented by language, sensitivity, and field training.

The Experiential Approach, evolved as a reaction to the information-acquiring approach, which was criticized as inadequate to cross-cultural training. Experiential, or immersion, refers to “techniques that provide realistic simulations or scenarios to the trainee, such as assessment centers, field simulations, etc.” (Mendenhall et al.,1987, p. 339). Brislin et al.’s, experiential learning (1983) and Tung’s interaction learning or field experience (1981) are classified under the experiential approach. “Learn by doing” (Littrell& Salas, 2005, p. 312) best spells out the nature of experiential learning. Look-see visits, role-playing, intercultural workshops, and simulations are major techniques used in experiential learning (Kealey&Protheroe, 1996; Littrell& Salas, 2005; Morris &Robie, 2001).

#### **2.4 Challenges in Performance of Expatriates**

The expatriate performance is defined as the levels of effectiveness of expatriate while the expatriate is performing overseas assignments. The matter of how expatriates perform on their overseas assignments has become more and more significant. Performing at high level is related to feeling well adjusted to the work and general environment. Because it is expected that the expatriate who is adjusted well to the work environment, he or she can perform his or her overseas assignment much more effectively in host country (Kraimer, et al. 2001, pp. 71-80). The performance of an expatriate can be measured by some outcomes such as customer satisfaction, retention, productivity, and profits

It is supposed that expatriates who feel well adjusted to the job and common surroundings will be able to perform at higher level. And the expatriates who are adjusted

well to the work environment will also perform their task duties more effectively (Kraimer, et al. 2001, p. 79). As a result, different cultures, manners, expectations, and perspective may affect expatriates' business effectiveness (Neupert, et al., 2004, p. 167). On the other hand, the performance of expatriates can be evaluated in terms of to what extent they achieve their objectives, according to their activities on the job, and also their daily effectiveness (Woods, 2003, p. 518).

If the expatriate returns from the assignment prematurely, the organization has to absorb these financial costs not once but possibly twice if another expatriate takes on the assignment. Even if the expatriate remains in the host country for the duration of the overseas assignment, the expatriate's assignment may be defined as unsuccessful for several reasons. If the expatriate does not interact well with the host country and refuses or is simply ignorant in practicing the customs of the host country, the end result, even if the expatriate remains for the duration of the assignment, could be more devastating to the organization than the early return. The expatriate may have difficulties initially with the move to another culture. These adjustment difficulties manifest in the social as well as work life of the expatriate. When these difficulties surface at work they could delay the start up time of the assignment.

## **2.5 Cross-Cultural Training and performance**

CCT has long been regarded as a vital means with which to facilitate the development and to refine the competencies that expatriate managers need to successfully work in a foreign country (Tung, 1981; Brislin, 1981; Scullion & Collins, 2006). Its effectiveness

has been corroborated by the pertinent literature (Ashamalla & Crocitto, 1997; Eschbach et al., 2001; Kealey & Prothro, 1996). While a great number of studies assert that cross-cultural training is critical to cross-cultural interaction (Bhawuk & Brislin, 2000; Black & Mendenhall, 1990; Litrell & Salas, 2005), some researchers point out that CCT specifically enhances cross-cultural adjustment (Black & Mendenhall, 1990; Earley, 1987; Lee & Liu, 2006; Eschback et al., 2001; Osman-Gani & Rockstuhl, 2009; Selmer, 2005), quickens the development of cross-cultural competence in a foreign country (Harris & Moran, 1979; Black & Mendenhall, 1990; Tung, 1981; Scullion & Collings, 2006), and adds to the overall performance (Earley, 1987; Morris & Robie, 2001).

The key component to cross-cultural training is to what extent the training makes a difference by adding skills and knowledge that will enable the expatriate to enhance his or her ability to operate effectively in an unfamiliar culture and quite possibly in a less than ideal environment. Crosscultural training targets the interactions of working and socializing with people from different cultural backgrounds. The main emphasis of the cross -cultural training being on building an understanding of how culture affects the working relationships, interpersonal

CCT refers to any endeavor made in order to prepare expatriates to be effective interpersonal interaction from different work environment and culture. Expatriates can develop awareness of cultural differences, positive outcomes, cross cultural skill development, adjustment, and performance, confidence by successful, adequate CCT .It is vital for MNCs operating overseas in order to be successful as it facilitates effective



work assignments (Zakaria, 2000, pp. 492-493). Inadaptability of expatriates to the new work environment is a crucial problem for MNCs because without adaptability expatriates cannot operate effectively. Multinational firms can solve these kinds of expatriates' problems by providing especially pre-departure CCT, such as sensitivity and language training (Shih, et al., 2005, p. 168). So MNCs aim to provide CCT in order to teach their staff how they can interact effectively with host country staff, and to influence them to a rapid adjustment to their new job environment, many researchers have found out that both adjustment and performance effectiveness in these kinds of global organizations can be developed by CCT programs, and with successfully functioning in other culture organizations can get quite good benefits by facilitating effective adjustment and performance (Kline, 1994). That is why global organizations should not neglect the issue of CCT. All the staff should take CCT such as some communication competence so as to be successful in foreign job as CCT facilitate effective cross cultural communication (Zakaria, 2000, p. 493).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter we examine the research design, the population of the study, data collection methods and the subsequent analysis of the data.

#### **3.2 Research Design**

This study is a descriptive survey that was aimed at establishing the kinds of Cross Cultural Training offered to expatriates in Multinational firms in the Kenya Pharmaceutical Industry, and its effect on expatriate performance as well as the challenges that affect their performance. Such a study that is concerned with the what, where and how of a phenomenon is a descriptive study. This design has been used successfully by Njoroge(2003), Mwaura(2001) and Omwenga(2005).

#### **3.3 Population of the Study**

The study focused on all Multinational Pharmaceutical firms in Kenya. The main focus was those multinational firms who were listed among the top 20 pharmaceutical firms in the world (appendix III).

There were 15 such firms in Kenya. These firms were considered irrespective of their country of origin. The expatriate were considered irrespective of the position they held in the firms.

### **3.4 Data Collection**

The primary data was collected using a structured questionnaire (see appendix II). The questionnaire was pretested to verify its appropriateness and workability. This was then sent through mail or hand delivered to every expatriate in the identified companies above. The questionnaire used the 5 point Likert scale to measure the extent to which the dimensions applied. Mazrui (2003) and Mwaura (2001) used the Likert scale successfully in related studies.

The target respondents were all expatriates in the multinational firms identified above irrespective of their position in the firms. The questionnaire contained three parts, Part A, which dealt with the general information, Part B, which deal with the quantitative and qualitative questions and finally Part C, dealt with the challenges that expatriates faced. The questions were a mixture both guided and unguided questions. (see appendix II).

### **3.5 Data analysis**

The data was collected, verified and analysed using descriptive statistics. Part A was analyzed using frequency tables, while Part B and C was analysed using frequencies, meanscores, tabulations, standard deviations, regression and correlation analysis.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

In this chapter we have discussed the data collected and the findings that followed. The selection process of the respondents, the profile of the respondents and the findings on the types of cross cultural training offered by multinational firms in the Kenya's pharmaceutical industry, The challenges they face on expatriates performance and the effect of Cross cultural training on cross cultural Performance, will be discussed. 15 of the Top 20 largest Pharmaceutical firms were targeted for data collection. 8 firms had expatriates in their Kenyan offices. This was observed as a trend especially for the firms that had been operating for a longer time in Kenya.

#### **4.2 Profile of Respondents**

The study involved all expatriates irrespective of their Title. A total of twelve respondents gave feedback out of the 20 questionnaires given, this represents 60% response rate, which is a good rate. The Respondents had different roles that included project Management, Business unit Heads, Advisory roles, Country Heads, Regulatory and Brand Management. Most of them had stayed in Kenya for between 2 months to 2 years.

### 4.3 Kinds of Cross Cultural Training offered by Pharmaceutical Firms in Kenya's pharmaceutical industry

The Data confirms what literature states that majority of expatriates never get any Cross Cultural training, literature put it that only 30% of expatriates receive CCT. This data shows that 58.3% of the expatriates in Firms in Kenya's Pharmaceutical industry do not receive CCT.

**Table 4.1: kinds of CCT offered by Multinational Firms in Kenya's Pharmaceutical Industry**

No.	Description	score	Percentage (%)	Nature of CCT
1.	Lecture type	4	33.3%	Cognitive approach
2.	Pre-departure Visit	2	16.67%	Experiential approach
3.	Field training	0	0.00%	Affective approach
4.	Role Playing	4	33.3%	Affective approach
5.	Simulations	0	0.00%	Experiential approach
6.	Interviewing destination Nationals	2	16.7%	Affective approach
7.	No training offered	7	58.3%	No CCT offered
8.	Family training	4	33.3%	Family training
9.	Language training	2	16.67%	Language training

Source: Research data.

The most common Kinds of CCT offered by multinational Firms in Kenya's Pharmaceutical industry are cognitive, Affective and involves family trainings (33%).Experiential and language Training are at 16.67%

Therefore a limited number of expatriates in the Pharmaceutical industry get language Training. It is the researcher's opinion that this is because most of them speak English comfortably- which is one of the two National Languages in Kenya. In addition many firms could be avoiding the Experiential Approach because of the costs involved.

**Table 4.2: Scope of Cross Cultural Training.**

<b>NO.</b>	<b>Training coverage</b>	<b>Score</b>
1.	Beliefs of the people	4
2.	Laws of the land	0
3.	Office relationships	1
4.	Family life and values	4
5.	Social behavioral patterns	4

Source: research data

The cross cultural Training offered by Multinational firms in Kenya's Pharmaceutical Industry covers mainly Beliefs of the People, Social behavior Patterns (80%) and on a small extent Office Relationships (20%). Family life and values(80%) are also covered in the CCTs.

However training on the laws of the host country is not covered at all (0%). This explains why laws and regulations is the major challenge for expatriates in the Pharmaceutical industry in Kenya.

**Table 4.3: Selected Top five Kinds of CCT as per the approach they represent with spearman’s ranking**

<b>Kind of CCT</b>	<b>Score</b>	<b>Rank</b>	<b>Spearman’s rank i</b>
pre departure visit	2	1	1.5
language training	2	2	1.5
lecture type	4	3	3.5
role playing	4	4	3.5
family training	4	5	3.5

Source: Research data

The kinds (How was it done) of CCT were selected depending on the approach it represents that is either, Cognitive, Affective, Experiential, Language and Family Training. The score is the frequency at which these kinds were provided among the respondents. The Spearman’s rank refers to the spearman’s rank that forms the basis for the spearman’s correlation.

#### **4.4 Challenges that multinational Pharmaceutical Firms face in expatriate performance**

Each respondents was asked to rate the challenges they faced in their firms as regards to expatriates Performance. The questions were guided with an option to give any additional challenge that was not covered in the guided list of challenges. Table 4, below summarises the challenges faced by Multinational Firms in Kenya’s Pharmaceutical firms.

**Table 4.4: Tabulated results on the Challenges faced by Multinational Firms in the Pharmaceutical industry.**

Respondent	Culture Shock	Early returns	language	family adj.	adaptation	weather	customs	laws	office rel.	social life	Expectation
1	4	5	5	4	1	3	4	5	4	4	5
2	4	5	5	4	1	2	4	5	4	4	5
3	3	3	3	4	1	2	4	4	3	4	3
4	3	2	3	3	1	2	3	4	3	4	3
5	3	2	3	3	1	1	2	4	3	4	3
6	3	2	2	3	1	1	2	4	3	2	3
7	3	1	2	3	1	1	2	3	2	2	2
8	3	1	2	3	1	1	2	3	2	2	2
9	2	1	2	1	1	1	1	3	1	2	2
10	2	1	2	1	1	1	1	3	1	2	1
11	1	1	1	1	1	1	1	1	1	2	1
12	1	1	1	1	1	1	1	1	1	1	1
MEAN	2.67	2.10	2.58	2.58	1	1.42	2.25	3.33	2.33	2.75	2.58
STD.DEV	0.98	1.51	1.31	1.24	0	0.67	1.22	1.30	1.15	1.14	1.38
VARIANCE	0.97	2.27	1.72	1.54	0	0.45	1.48	1.7	1.33	1.30	1.90
RANK	3	7	4	4	9	8	6	1	5	2	4

Source: Research data

The table below summarizes the challenges faced by expatriates in Multinational pharmaceutical firms from the biggest challenge to the relatively small challenge. Only the challenges that had an average score of above 2 were considered.

**Table 4.5: Ranked challenges**

Challenge	Mean (score)	Rank
Law and regulations	3.33	1
Adjusting to social life	2.75	2
Culture Shock	2.67	3
Language	2.58	4
Family adjustment	2.58	4
Office relationships	2.33	5
Customs	2.25	6
Early returns home	2.1	7

Source: Research data



The greatest challenge was found to be Laws and regulations, this in the researchers opinion is contributed by the fact that none of the expatriates training covered laws and regulations. Other major challenges were as follows:-Adjusting to social life(2),culture shock(3),Language and family adjustment(4),office relationships(5),customs(6),and Early returns home was the least challenge at(7).

#### **4.5 Effect of cross cultural Training on Expatriate performance**

The effect of Cross cultural training on expatriate's performance was determined through the correlation of the two major aspects of Cross Cultural Training, that is the Scope and the Approach used in relation to expatriate's performance. The key aspects of expatriate's performance examined were:-Relationships with Customers, Efficiency of the expatriate, productivity of the Expatriate, Achievement of specific Objectives, achieving a satisfactory lifestyle. Apart from achieving specific Objectives, Efficiency and Productivity, literature strongly connects improved relationship with Customers, and achieving a satisfactory lifestyle by the expatriate, as great contributors to the expatriate's success on his assignment. In addition a Regression analysis was done on the relationship between CCT and expatriate performance.

#### 4.5.1 Correlation between the kind of Cross Cultural Training and Expatriate performance

The correlation between cross cultural training and expatriate performance was examined using the spearman's rank coefficient of correlation method.

**Table 4.6: The spearman's ranking table for kinds of CCT training.**

Type of CCT	Score(frequency)	Rank	Spearman's rank i
pre departure visit	2	1	1.5
language training	2	2	1.5
lecture type	4	3	3.5
role playing	4	4	3.5
Family Training	4	5	3.5

Source: research data

**Table 4.7: The spearman's ranking of effect on performance parameters**

Performance parameter	Score	Rank	Spearman's rank i
Customer	3.2	1	1
Efficiency	2.8	2	2.5
Productivity	2.8	3	2.5
specific obj.	2.4	4	4.5
Lifestyle	2.4	5	4.5

**Table 4.8: Spearman's rank Coefficient of Correlation**

Performance parameter	score	rank	rank i	(xi-yi)kinds of CCT	xi-yi
Customer	3.2	1	1	0	0.25
Efficiency	2.8	2	2.5	0.25	1
Productivity	2.8	3	2.5	2.25	1
specific obj.	2.4	4	4.5	0.25	1
lifestyle	2.4	5	4.5	0.25	1
	2.72			3	4.25

Using the Spearman's rank Coefficient of Correlation equation

$$1 - \frac{6\sum(di)^2}{n(n^2-1)}$$

Where: -  $di = xi - yi$

$n$ =sample size

Spearman's Rank Correlation Coefficient is 0.85, which shows a positive relationship between the Scope Cross Cultural training and the performance of expatriates.

In addition using the same spearman's rank Correlation coefficient calculation we get 0.7875, on the relationship between expatriate performance and the kind of Cross Cultural Training offered.

#### 4.5.2 Regression analysis on the relationship between CCT and performance of expatriates.

A scatter diagram was plotted of performance(y) dependent variable versus the two parameter Cross Cultural Training the kinds and the content of CCT. Table 4.9 shows the Frequencies of kinds and nature of CCT

**Table 4.9: Frequencies of kinds and nature of CCT**

Expatriate Performance	Kinds of CCT	Content of CCT
3.2	0	2
2.8	1	2
2.8	4	4
2.4	4	4
2.4	4	4

A Linear Relationship was established for:-

$Y=AX+B$ , Where, Y is the dependent variable (Performance)

And X the independent Variable (CCT), A, is the coefficient of X, B is the Y intercept, that is the value of Y when  $X=0$ .

The equation was as follows:-

$$Y=0.4X+3.2$$

There is a linear relationship between cross cultural training and performance of an expatriate. The relationship is a positive relationship, hence, according to these findings; Cross Cultural Training indeed influences the performances of expatriates in the Pharmaceutical industry in Kenya. This effect is significantly influenced by the scope of cross cultural training given but also the way this cross cultural training is conducted.

#### **4.6 Discussion**

The Data confirms what literature states that majority of expatriates never get any Cross Cultural training, literature put it that only 30% of expatriates receive CCT. This data shows that 58.3% of the expatriates in Firms in Kenya's Pharmaceutical industry do not receive CCT. The most common Kinds of CCT offered by multinational Firms in Kenya's Pharmaceutical industry are cognitive, Affective and involves family trainings (33%).Experiential and language Training are at 16.67%Therefore a limited number of expatriates in the Pharmaceutical industry get language Training. It is the researcher's opinion that this is because most of them speak English comfortable which is one of the two national languages in Kenya. In addition many firms could be avoid the experiential approach because of the costs involved.

The greatest challenge that faces the performance of expatriates in multinational firms in Kenya's pharmaceutical industry was found to be laws and regulations, this in researchers opinion was contributed by the fact that the cross cultural training that was offered by multinational pharmaceutical firms did not cover laws and regulations of the host country. Adjusting to social life, culture shock, language, Family Adjustment, Office Relationships, Customs and early returns were among the challenges that expatriates face in Kenya's pharmaceutical industry. Cultural training was found to be influence performance of expatriates positively with most on Productivity, Customer Relations, Effectiveness, achieving set objectives and a satisfactory lifestyle in the host country. Regression and correlation analysis indicated that performance indicators are influence both with the nature of CCT and the Content of the CCT given.

#### **4.6.1 Kinds of Cross Cultural Training offered by Pharmaceutical Firms in Kenya's Pharmaceutical industry**

The data showed that only slightly over 40% of expatriates in Kenya's pharmaceutical industry received cross cultural training. Which is consistent with existing literature that puts the prevalence of cross cultural training at 30%(black and Mendenhall,1990).this implies that cross cultural training is not a widely practiced exercises in preparation of expatriates for assignments abroad. Literature points out two reasons why CCT is not a widely practiced among MCN's, one that in some countries it is thought that CCT is not so much effective to be successful on overseas assignments (Black and Mendenhall,1990,pp114.115). Secondly that Top management in many Multinational firms do not believe in the necessity and effectiveness of Cross Cultural Programmes (Kline,1994).While the scope of this study was not to established the reasons why CCT is not offered extensively in the Pharmaceutical firms in Kenya, These observation might hold for the firms studied, however this presents an area that further research can be done to establish the attitudes behind these low prevalence of cross cultural training.

This study however has established that CCT influences and improves the performances of expatriates in host countries by improving the major performance indicators of successful assignment abroad. CCT improves the Productivity, Effective, Customer relations, Office relations and social adjustment of expatriates abroad which is key to performance(bennette,aston,Colquon,2000). The most common Kinds of CCT offered by multinational Firms in Kenya's Pharmaceutical industry are cognitive, Affective and involves family trainings (33%).Experiential and language Training are at 16.67%.The

cognitive approach was one of the kind of CCT used in the industry which contributed positively to the expatriates adjustment and hence performance, which agrees with literature that the Cognitive approach will give knowledge which increases empathy, and empathy will modify behaviour in such a way as to improve intercultural relationships(Campbell,1969,p.3).The affective approach was also one of the kinds of training used effectively this support literature that suggest that with attribution trainings enables expatriates to make isomorphic attribution and to handle discomfort ,expectations as well as possible in order to internalize their values and standards of the host country(Eschbach, Parker &Stoeberl,2001;Littrell & Salas,2005).

Language training was also done for the expatriates consistent with what studies suggest that cultural training should be supplemented by language training(Tung,1981).Dowling and Welch(2005) contend that language fluency is key to expatriate adjustment and improves effectiveness and negotiation ability. Ashamalla (1998) argues that CCT should be accompanied by foreign language training because Knowledge of the language of the host country is vital to successfully living and working in that country. Language Training is crucial because it helps in developing managerial effectiveness, it is needed to be provided for the expatriate family can have a positive cross cultural experience. Families also face some cultural shock and they sometime influence premature return of expatriates (Kline,1994).It is important that cross cultural training must have a multiple approach for successful and useful CCT programme.

#### **4.6.2 Challenges that Multinational Pharmaceutical Firms face in expatriate performance**

The greatest challenge that faces the performance of expatriates in multinational firms in Kenya's pharmaceutical industry was found to be laws and regulations, this in researchers opinion was contributed by the fact that the cross cultural training that was offered by multinational pharmaceutical firms did not cover laws and regulations of the host country. adjusting to social life, culture shock, language, family adjustment, office relationships, customs and early returns were among the challenges that expatriates face in Kenya's pharmaceutical industry. Early returns have been estimated as high as 40%(Black and Mendenhall)which is a significant problem, this study confirms that early home returns is one of the significant challenges that expatriates face to successful assignments. These challenges agree with literature that suggests that culture shock, language and lack of personal and family adjustment are major challenges to expatriate performance (Briscoe&Schuler;2004;Dowling&Welch,2005). Consequently learning about Cultures, becoming aware of cultural differences and having competence in cross cultural communication are a must for expatriate managers so that they can adjust to a new cultural environment and carry out a successful overseas assignment.

#### **4.6.3 Effect of Cross Cultural Training in the performance of Expatriates in Multinational Pharmaceutical Firms in Kenya**

Cross Cultural Training was found to influence performance of expatriates positively through improving the performance indicators for a successful expatriate assignment. CT improved productivity, customer relations, effectiveness, achievement of set objectives



and a satisfactory lifestyle in the host country. Regression and correlation analysis indicated that performance indicators are influenced both with the nature of CCT and the Content of the CCT given. This agrees to earlier literature that states that CCT improves ways of leading life, making people good listeners, improving a sense of mutual understanding and developing people's skills (Payne, 2004). Effective Cross Cultural training should be able to do three things, manage cultural difference, manage personal and professional change, manage their responsibilities within different cultural environment (Aston and Colquhoun, 2000). A successful expatriate assignment is one that the expatriate remains in the host country for the duration of the assignment, achieves a high degree of personal adjustment to the new host country, achieves a high degree of interpersonal adjustment (Bennette, Aston, Colquhoun, 2000). These results seem to agree with previous studies that were done. Zakeriya (2000) concluded that cross cultural training significantly improved the performance of expatriates, this study was done in Pakistan. Ko & Yang (2011) concluded that while cross cultural training improved the success of expatriates assignments abroad, language proficiency in addition to cultural training improved the success of these expatriates assignment more.

The results of this study show that it is not just CCT that helps but it is the nature and content of CCT provided that improves the performance of expatriates. This study demonstrated the Kind of cross cultural training and the content of that Training significantly improved the performance of expatriates in the Pharmaceutical industry in Kenya, which agrees with the observations made by Ko & Yang (2011). This study agrees with literature that cross cultural training would minimize expatriate failure, providing

CCT, will minimize the failure rate of expatriates(Qi and Lange,2005,p11) and will play a critical role in the success of overseas assignment (Shih, et al,2005.P.157).

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

In this chapter we draw conclusions from the findings of the data analysis, we will seek to establish, the kinds of Cross Cultural training offered by Multinational firms in the Pharmaceutical industry in Kenya, we would also conclude the challenges faced by Multinational Organisations in the performance of expatriates and we will establish whether there is an effect of cross cultural training on the performance of expatriates. We will also discuss the limitations of this study.

#### 5.2 Summary and Findings

The Data confirms what literature states that majority of expatriates never get any Cross Cultural training, literature put it that only 30% of expatriates receive CCT. It was established that 58.3% of the expatriates in Firms in Kenya's Pharmaceutical industry do not receive CCT. The most common Kinds of CCT offered by multinational Firms in Kenya's Pharmaceutical industry are cognitive, Affective and involves family trainings (33%). Experiential and language Training are at 16.67%.

The cross cultural Training offered by Multinational firms in Kenya's Pharmaceutical Industry covers mainly Beliefs of the People, Social behavior Patterns (80%) and on a small extent Office Relationships (20%). Family life and values (80%) are also covered in the CCTs. However training on the laws of the host country is not covered at all (0%).

This explains why laws and regulations is the major challenge for expatriates in the Pharmaceutical industry in Kenya. There was a lack of post arrival cultural training for the expatriates.

The greatest challenge was found to be Laws and Regulations; this in the researcher's opinion is contributed by the fact that none of the expatriates training covered laws and regulations. Other major challenges were as follows:-Adjusting to social life, Culture Shock, Language and Family Adjustment, Office Relationships, Customs, and Early returns home was the least challenge. The urge to return home early would appear to be relatively lower, it is in the researchers view that this is due to the level of professionalism the expatriates exude and the track record they have built hence they wouldn't like to ruin that by returning home early.

### **5.3 Conclusions of the Study**

Cross cultural training is yet to be a popular practice among multinational companies in Kenya's Pharmaceutical industry, the prevalence of Cross cultural Training among multinational pharmaceutical companies is slightly above the 30% literature suggest. This study found that the prevalence of CCT is at 40%, which is still below the considering importance that CCT is to the expatriates. There is therefore a great need to sensitize executives, policy makers to and researchers to embrace this practice and increase the level of research information needed to enrich this subject. Learning about cultures, becoming aware of cultural differences and having competence in cross cultural communication are a must for expatriate managers so they can adjust to a new

environment and carry out successful assignment abroad. MCN's need to be increasingly aware of these realities and endeavor to equip their expatriates with competencies necessary for effectively working overseas through Cross Cultural Training. In order to be functional in a different culture the expatriate will need to appreciate the values, norms, beliefs and behaviour patterns and learn to adjust to them as much as possible. How cross cultural is conducted as well as the content of the CCT influences greatly the effectiveness of the CCT given. As highlighted in this study the lack of coverage on laws and regulations of the country posed a great challenge to the expatriate to adjust. In addition to learning the cultural norms, values, beliefs and behaviour patterns it is important that CCT training include language and that the expatriate family must be also provided with CCT. The most common approaches to CCT are the cognitive, affective, family training and language training. CCT improves the performance of expatriates by significantly improving the Productivity, efficiency, ability to adjust to new social life as well as professional adjustment and ability to deal with customers.

The major challenges to expatriate performance in Kenya's Pharmaceutical industry culture shock, language, family adjustment, customs, laws, and adjustment to a new social life. These are major challenges that have also been cited in literature that expatriate face and hence the challenges of expatriates apply irrespective of the countries. Hence there can be a standardized approach to cross cultural training. Studies, conducted by Black and Gregerson (2007) confirm that nearly one-third of the expatriates who complete their overseas assignments did not perform up to the expectations of their superiors. Working in a culturally different environment is always a challenge, so it is not

surprising that the lack of cultural knowledge and language ability, as well as a difficulty to adjust to the local culture are major factors contributing to expatriate failure (Briscoe & Schuler, 2005; Dowling & Welch, 2005). These realities Multinational companies should endeavor to equip their expatriate managers through cross cultural training. Proficiency in the language of the host country goes a long way to provide expatriates with the tools of cultural competence. The more the expatriate knows about the host culture (including speaking the local language), about its values and expectations, and the more proficient he/she is in the local language the greater the chances of a successful job performance. Cross cultural training significantly improves the success of expatriate assignments. Cross cultural Training includes gaining of cultural awareness, learning about one self, developing and encouraging self-confidence, improving confidence, developing and progressing motivation, developing ability to analyze problems from different perspectives, learning improved ways of leading life, making people good listeners, improving a sense of mutual understanding among society and developing skills. This leads to expatriates better manage cultural differences, manage change in terms of personal and professional transition and manage their responsibilities within a different cultural environment. And hence improve success of overseas assignments.

Given the high ratio of expatriate failure, the high cost of these failures and how they impact upon the MNCs, Multinational Companies should embrace CCT to enhance success of expatriate assignments and minimize failure. By providing CCT, for their employees to send to overseas missions global organizations will develop more international managers who may better understand different culture and may apply this

knowledge in cross cultural situations, this would minimize culture shock and hence improve managerial effectiveness in worldwide operations with respect to cross cultural negotiations, decision-making, customer relations, and other vital administrative processes.

#### **5.4 Limitations of the study**

The study's conclusions may be limited due to the sample size used, which was mainly a cohort from the same industry. fewer respondents that had actual under gone CCT, which confirm the low prevalence of cross cultural training among multinational companies but also on the other hand the effect CCT on the performance of the expatriate that had this CCT, was established over small number of respondents and hence a bigger cohort will be required in subsequent studies. The study findings may not be generalized since the cohort was all from one industry and hence these findings may be reflective of an industry not for the whole Multinational world. The study did not seek to establish the why's behind the expatriate's lack of CCT and assumed that the reasons that the literature states applied to these companies also, that most multinational managers don't believe in the effectiveness of CCT.

The data was subjective and hence it relied only on the respondents view how cross cultural training impacted them on the their performance, these could not offer and perfect accuracy as it leaves room for variability on how the various performance indicators were impacted by cross cultural training. The spearman's Rank correlation method used in this study uses ranks of the various performance indicators to establish

the relationship with the various aspects of CCT, this could leave room for error as rank alone is not an indicator of the influence.

### **5.5 Recommendations for Further Research**

Indeed it is the researcher's opinion that there are a lot of stones unturned on this subject. Further research will be required to establish the reasons why multinational have not embraced the practice of CCT as fast as the increase of information on its effectiveness in improving expatriates performance. In addition it is the researcher's view that more research will be required to enrich the already existing data and hence shape not only scholarly opinion but also add to existing Knowledge gaps.

A cross industry study needs to be conducted on this subject. This would add into the knowledge gap that exists, it is the researcher's opinion that more studies needs to be done in other industries a meta-analysis can be done to establish a cross industry effectiveness of cross cultural training on expatriate and CCTs impact on expatriates performance.

### **5.6 Implications on Policy and Practice**

The findings of this study strongly suggest that there is dire importance in providing cross-cultural training to expatriates. This would enhance their performance on overseas assignment and reduce cases of expatriate failure and expatriate return to their original country early. This study further confirms earlier work done on this subject that the prevalence of cross-cultural training is still very low among multi-national corporations.



Hence it is important that managers in multinational corporations embrace cross-cultural training for better performance of the expatriates.

### **5.6.1 Implication on theory**

The findings of this study contribute greatly to the theory, this study has established that culture shock is one of the greatest challenges that expatriates abroad face, The culture shock theory which stipulate that the expatriate adjusts to new culture in stages ,cross cultural training therefore can be a useful tool to manage these stage of cultural adjustment, It will help deal with the expatriates expectations which is a major cause of culture shock. If CCT is given then the likelihood that the expatriate develop accurate expectations should increase and hence less cases of culture shock(litrell,Salas,Hess,Paley,Riedel,2006).

This study also confirms the benefits of cross cultural awareness that lead to successful assignments as stated by Harris and Moran(1987).in addition this study add to the knowledge that cross cultural training for expatriates indeed improves their performance. since cross cultural effectiveness is not asserted in many literature(Black and Mendenhall,1990;Litrell and salas,2005;selmer ,2005).finally the findings of this study further contribute to literature that cross cultural training can improve effectiveness of expatriates, as some scholar were doubtful on CCTs effective ness(Qi and Lange,2005,p.33).

### **5.6.2 Implication on management policy**

One of the main reasons why CCT is not practiced in some countries is that it is thought that training is not so much effective to be successful on overseas assignment (Black and Mendenhall, 1990). The findings of this study prove that CCT is effective in improving the performance of expatriates on overseas assignments, further the finding of this study shows that the major challenges faced by expatriates on overseas assignment can easily be tackled by a well plan CCT programme before they leave their home country and after they arrive at the host countries.

Therefore it should be a matter of policy that every expatriate must go through Cross cultural Training. Because CCT programmes will help, guide managers to develop their functional skills when they are on overseas assignments. CCT is a vital means with which to facilitate the development and refine the competencies that expatriates managers need to successfully work in a foreign country.

### **5.6.3 Implication on Management Practice**

Top management of many multinational companies do not believe on the effectiveness of cross cultural Programmes (Kline, 1994). The findings of this study prove that CCT is an effective approach to improving expatriate performance and success of assignments. This study asserts that Cross Cultural Training is critical to cross cultural interaction and specifically enhances cross cultural adjustment, quickens the development of cross cultural competence in a foreign country and hence adds to the overall performance of the expatriate.

Generally the success or failure of an expatriate assignment is based on early return to home country. Management is often concerned with explaining the expatriate failure and correcting the conditions under which failure occurs. An early return is also costly to the MNC. Early returns have been estimated as high as 40% (Black and Mendenhall). A successful expatriate must be able to the local environment, to achieve a satisfactory lifestyle while on assignment and of course accomplish the specific objectives of the assignment. CCT should be able to support the success of the expatriate.

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## APPENDICES

### APPENDIX I: LETTER OF INTRODUCTION

Ben NduneSayo

C/o MBA office

School of Business

University of Nairobi.

P.O Box 30197,

Nairobi.

Dear Sir/madam

#### **REF: REQUEST TO RESPOND TO QUESTIONNAIRE**

I'm a post graduate student in the School of business university of Nairobi, pursuing a Master's degree in Business Management. I am undertaking a management research project, In the Pharmaceutical industry entitle "The effect of cross cultural training on the performance of expatriates in multinational Firms in pharmaceutical industry in Kenya" .

The purpose of this study is to request you to kindly respond to the questionnaire attached. The information will be treat with utmost confidentiality and will be used only for academic purposes. At no point will your name or organization be referred to.

A copy of the final paper will be availed to you upon your request.

For any clarification on this matter, I can be reached on 0720478799. Your assistance will be greatly appreciated.

Thank You,

Ben Sayo

**MBA Student –University of Nairobi.**

**APPENDIX II: QUESTIONNAIRE**

**PART A: GENERAL INFORMATION**

1. Name of the Pharmaceutical Firm \_\_\_\_\_
2. Country of origin of the Firm \_\_\_\_\_
3. How long has the firm operated in Kenya \_\_\_\_\_
4. What are the Key departments in this office \_\_\_\_\_
5. How many expatriates are based in this office \_\_\_\_\_
6. What Nationalities are they \_\_\_\_\_
7. What Nationality are you \_\_\_\_\_
8. What is your Title \_\_\_\_\_
9. How long have you been in Kenya \_\_\_\_\_
10. Before coming to Kenya did you receive any Training on the Kenya's culture  
\_\_\_\_\_
11. Did you receive any cultural training upon arrival to  
Kenya \_\_\_\_\_  
\_\_\_\_\_ What did the Cross cultural Training cover
  - a) Beliefs of the People -----
  - b) Laws of the land \_\_\_\_\_
  - c) Office relationships \_\_\_\_\_
  - d) Family life and values \_\_\_\_\_
  - e) Social behavioral patterns \_\_\_\_\_
  - f) Language proficiency \_\_\_\_\_
12. How was the Cross cultural training conducted
  - a) Lecture Type \_\_\_\_\_
  - b) Pre departure Visit \_\_\_\_\_
  - c) Field Training \_\_\_\_\_
  - d) Role Playing \_\_\_\_\_
  - e) Simulations \_\_\_\_\_
  - f) Interviewing destination Nationals \_\_\_\_\_
  - g) Cultural assimilations \_\_\_\_\_

13. Was your family Trained(if they are here with You)\_\_\_\_\_

14. What else do you think could have been covered to make your assimilation easier

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**PART B: CHALLENGES PHARMACEUTICAL FIRMS FACE IN PERFORMANCE OF EXPATRIATES**

**In this part please indicate to what extent the following applies. Where:-**

**5 = Very great extent**

**4 =Great extent**

**3= Moderate extent**

**2= Little extent**

**1= Not at all**

**What challenges does your firm face in the performance of expatriates?**

<b>SUBJECT</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Culture shock					
Early return to home country					
Language					
Family adjustment					
Inability to adapt into New Environment					
Weather					
Customs					
Laws and regulations					
Relationships at the office					

Social life					
High expectations from country of origin					

**PART C: EFFECTS ON PERFORMANCE OF EXPARTRIATES**

**In this part please indicate to what extent the following applies. Where:-**

**5 = Very great extent**

**4 =Great extent**

**3= Moderate extent**

**2= Little extent**

**1= Not at all**

**How do you rate the extent to which Cross cultural Training helped you to:-**

<b>SUBJECT</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
Manage cultural differences					
Organize and coordinate your activities					
Manage your professional transition					
Adjust to the local environment					
Accomplish specific objectives of the assignment					



Developing Communication skills					
In productivity					
In efficiency					
In feeling like going back home					
Relationships in the office					
Relationship with customers or other stake holders					
Family life					
Achieve a satisfactory lifestyle					

**APPENDIX III: TABLE OF TOP TWENTY(BY GLOBAL REVENUE)  
MULTINATIONAL FIRMS IN KENYA**

<b>Global position</b>	<b>Company's name</b>	<b>revenue\$(globally)billions</b>	<b>Country of origin</b>	<b>Presence in Kenya</b>
<b>1.</b>	<b>Pfizer</b>	<b>58,523</b>	<b>USA</b>	<b>Present</b>
<b>2</b>	<b>Novartis</b>	<b>44,420</b>	<b>Switzerland</b>	<b>Present</b>
<b>3</b>	<b>Merck &amp;Co.</b>	<b>39,811</b>	<b>USA</b>	<b>Present</b>
<b>4</b>	<b>Sanofi</b>	<b>37,403</b>	<b>France</b>	<b>Present</b>
<b>5</b>	<b>GlaxoSmithKline</b>	<b>36,156</b>	<b>United Kingdom</b>	<b>Present</b>
<b>6</b>	<b>AstraZeneca</b>	<b>32,515</b>	<b>United Kingdom</b>	<b>Present</b>
<b>7</b>	<b>Johnson &amp;Johnson</b>	<b>22,396</b>	<b>USA</b>	<b>Present</b>
<b>8</b>	<b>Eli Lilly &amp;Co.</b>	<b>21,685</b>	<b>USA</b>	<b>Present</b>
<b>9</b>	<b>9 Abbott Laboratories</b>	<b>19,894</b>	<b>USA</b>	<b>Present</b>
<b>10</b>	<b>Bristol-Myers Squibb</b>	<b>19,484</b>	<b>USA</b>	<b>Present</b>
<b>11</b>	<b>Teva</b>	<b>16,121</b>	<b>Israel</b>	<b>Present</b>
<b>12</b>	<b>Takeda Pharma</b>	<b>14,829</b>	<b>Japan</b>	<b>Present</b>
<b>13</b>	<b>Bayer Schering</b>	<b>14,485</b>	<b>Germany</b>	<b>Present</b>
<b>14</b>	<b>Boehringer-Ingelheim</b>	<b>12,883</b>	<b>Germany</b>	<b>Present</b>
<b>15</b>	<b>Astellas</b>	<b>11,161</b>	<b>USA</b>	<b>Present</b>
<b>16</b>	<b>Daiichi-Sankyo</b>	<b>10,794</b>	<b>japan</b>	<b>Not present</b>
<b>17</b>	<b>EISAI</b>	<b>8,542</b>	<b>japan</b>	<b>Not present</b>
<b>18</b>	<b>OtsukaPharma</b>	<b>8,440</b>	<b>japan</b>	<b>Not present</b>
<b>19</b>	<b>Gilead Sciences</b>	<b>7,390</b>	<b>USA</b>	<b>Not present</b>
<b>20</b>	<b>Mylan</b>	<b>5,404</b>	<b>Netherlands</b>	<b>Present</b>

Adapted from contract pharma.com, ranking as at 2011.