USE OF EXPATRIATES BY BARCLAYS BANK OF KENYA TO TRANSFER MANAGERIAL SKILLS AS AN ENTRY STRATEGY

BY

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university.

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D61/66900/2010

This research project has been submitted for examination with my permission as superior.

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DEDICATION

This project report is dedicated to my Loving husband James Macharia and daughter Tiffany Muthoni and all those who supported in the completion of this project writing. Thank you and God bless you abundantly.
ABSTRACT

The study investigate on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy therefore it provides additional knowledge to existing and future organizations on use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. Some studies have focused on the antecedents, or predictors, of entry mode choice, others on the specific factors that lead to equity investment as the preferred mode of entry.

This study was conducted through a case study and it was considered suitable as it allowed an in-depth study of the subject on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. Primary data was used in this study. To achieve this, an interview guide was used to collect primary data. The study used content analysis for data analysis.

The study found that expatriates to the organization included; enhanced organization performance through expatriates’ sharing best practices they possess with the local staff, improvement of the quality of service through transfer of global skills and assisted the organization in cutting operational costs through enlightening the staff of ways to increasing efficiency in their operation. The study concluded that the benefits of expatriates to the organization included; enhanced organization performance through expatriates’ sharing best practices they possess with the local staff, improvement of the quality of service through transfer of global skills and assisted the organization in cutting operational costs through enlightening the staff of ways to increasing efficiency in their operation.
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# ACRONYMS AND ABBREVIATION

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<tr>
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<td>Central Bank of Kenya</td>
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<td>HCNs</td>
<td>Host Country Nationals</td>
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<td>IB</td>
<td>International Business</td>
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CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2000). Organizations exist as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the organizations operate is never static. Firms depend on the environment for the required resource and a profitable market for their goods and services. All organizations lend themselves to this environment which is highly dynamic, chaotic and turbulent that it is not possible to predict what will happen and or when it will happen. Consequently, the ever changing environment continually presents opportunities and challenges (Mintzberg and Quinn, 1988).

The dynamic environment in which a business operates provides opportunities for it to grow, develop and create value and wealth. It also poses some threats to the business. The primary concern is how the business affects people and natural environment as it produces and sells products necessary to satisfy customers, stakeholders and other
constituents (Rainey, 2008). The foregoing implies that the environment of a business is the pattern of all the external and internal conditions and influences that affect its life, growth and development (Quinn, 1993). Consequently, since growth and development through conspicuous industry and market positions are central to mission statement and vision of a thriving business, it is onerous on the corporate strategist to keep abreast with the factors of the business environment and the evolving trends of their features over time. In nature, the environmental factors and their influences are economic, political-legal, socio-cultural and technological (Pearce & Robinson, 2007).

1.1.1 Entry Strategy

The impulse behind a company’s initial entry into a foreign market is usually the prospect of profit on immediate sales, for example in response to an accidental order. Only later do most companies start to think about an entry strategy approach; what they need to create positions in foreign markets that can be sustained over the long run. A few mistakes about entry strategies are very common; an entry strategy is needed for each product in each foreign market. Every situation is different, thus requires a unique approach. Furthermore, entry strategies are not only interesting for large companies. Every company should understand the idea of planning entry strategies (Root, 1994).

The choice of entry mode depends on the risk a company is prepared to take and the desired degree of control (Farhang, 1990). The choice of entry mode normally changes over time, in a rather predictable way; a company becomes more experienced over time, so it is likely to take more risk. The ‘stages approach’, also known as the development
approach (Morris, 1986), describes internationalization as a learning and incremental process, in which risk avoiding companies can reach different stages. In the first stage a company has no, or not regular, export. In the next stages the exporting activities increase, until they reaches a maximum in the last stage; a company has become a multinational.

Most companies start their internationalization according to Root’s ‘pragmatic entry selection approach’. This approach focuses at an entry mode that works, but may not be the most suitable entry mode. For that reason other kinds of entry modes are only assessed if the chosen entry is not suitable. It is often a cheap and easy low risk export entry mode. Root’s ‘strategic entry selection approach’ is likely to find the most suitable entry mode; it demands systematic comparisons of alternative modes. Nevertheless many, often conflicting, external and internal factors influence the choice of the entry mode. Furthermore, a company has often multiple objectives in the target market. Hence, it is often difficult to assess all relevant factors, for example because factors itself can be hard to measure. Different entry mode options, bounded rationality and lack of time and money, make it unlikely for managers to look at all possibilities. Trade-offs have to be made and expected benefits and costs of alternative entry modes should be compared and adjusted for risks. One of the main problems regarding market entry decisions is the fact that it is ill-defined, complex and dynamic (Young & Okoroafo, 1989). Scholars often have different opinions about the criteria influencing the choice of entry mode. Different samples, different time period.
1.1.2 Foreign Market Entry Strategy

There are numerous market entry strategies that organisations can utilise when establishing international operations. The path that most businesses take is to establish a relationship with a foreign agent or distributor. A partnership like this can be useful as experienced agents have local contacts and have a thorough understanding of the local conditions and regulations. A distributor should be able to handle the sourcing of retailers or buyers and the distribution of your products. The main issue with this method is the lack of control over operations as you have to manage the process from a distance and rely on your agent to get the job done (Morris, 1986).

When a company enters the international environment, it has to decide how to manage its operations internationally. The strategy followed by a company to operate businesses in an international environment is called global operation strategy. Companies can use one of four kinds of basic global operation strategies to compete in the international environment. They are multidomestic strategy, international strategy, global strategy and transnational strategy. These strategies depend on factors such as the degree of orientation towards local responsiveness or cost reduction, or the degree of centralization or decentralization of units such as marketing and research and development. Companies expanding their operations to international markets employ five different modes to enter the foreign market exporting, licensing, franchising, strategic alliance or joint venture, and setting up of a wholly owned subsidiary. Entry strategy for international markets is a comprehensive plan, which sets forth the objectives, goals, resources, and policies that will guide a company's international business operations over a future period long enough
to achieve sustainable growth in world markets (Root, 1994).

Another common strategy is to set up a local office in your intended market. The advantage of this is that you have greater control over marketing and distribution and direct contact with your customers. A larger scale operation may be able to make effective use of a strategic alliance with another organisation. Joint ventures involve your business agreeing to merge with an already established business in your intended market. Joint ventures are a great way to gain access to skills, resources and finance when entering into a new market. However, there are risks involved and you need to ensure that you can rely on your business partner to work with you to achieve the objectives of the venture (Root, 1994).

1.1.3 Banking Industry In Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. As at December 2010 there were forty six banking and non bank institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. The locally owned financial institutions comprise 3 banks with significant government shareholding and 28 privately owned commercial. The foreign owned financial institutions comprised 8 locally incorporated foreign banks and 4
branches of foreign incorporated banks. Of the 42 private banking institutions in the sector, 71% are locally owned and the remaining 29% are foreign owned (Central Bank of Kenya, 2010).

Players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. The Central Bank of Kenya oversees the operations of all commercial banks. During the on-site inspections all risks are evaluated and necessary remedial actions are recommended. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interests.

In the banking industry the subsidiaries’ quest for survival implies the development of its own strategy within the limits imposed by the MNC. If operational activities, such as agent banking, are subject to delocalization upheavals, subsidiaries that play a strategic role within the MNC may appear harder to be relocated, given their contribution to the overall MNC performance (Jarillo & Martínez, 2000).

1.1.4 Barclays Bank of Kenya

Barclays PLC is an international bank and financial services company with its headquarters based in London. Through the parent company and various subsidiary companies it provides financial services covering retail banking, investment and corporate banking, wealth management, and credit cards. It has more than forty eight million customers in over fifty countries. This global presence would have never
been imagined by its early Quaker founders. The foundation of its activities can be traced back to April 1690 in the City of London. John Freame and Thomas Gould, both Quakers, started a partnership as goldsmiths. At this time goldsmiths acted as bankers giving loans to merchants and businessmen, for this was the very earliest stages of private banking in England.

Barclays has operated in Kenya for over 90 years. Financial Strength coupled with extensive local and international resources have positioned Barclays Bank of Kenya as a foremost provider of financial services. Barclays has established an extensive network of 117 outlets with over 230 ATMs spread across the country. The bank's financial performance over the years has built confidence among the Bank's shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange. As a commercial enterprise, Barclays must be profitable to survive. However, we do not believe that profit should be made at any cost. The previously mentioned values, set out how we aim to undertake business in the interests of our employees and customers. Underpinning these values is a fundamental principle to maintain and protect customer confidentiality and to comply with the laws and regulations governing our industry.

Countries bend backwards to accommodate multinationals (MNC’s), socialists term them as agencies of capitalism while for others; they are a source of jobs and technology transfer. As the country seeks to attract foreign investment including MNC’s, thus bringing impact on Small and Medium enterprises. Barclays Capital, these business divisions are retail financial services, corporate banking and Barclays Global Investors.
The new retail financial services group comprises the Personal Banking and small business activities within the UK, the offshore personal element of cross-border services, the European Retail Banking Group, private banking, the African and Caribbean operations and the retail elements of Asset Management Group. The corporate banking group includes the UK Business Banking, plus the business banking elements of crossborder services and the Middle East and Latin American operations.

1.2 Research Problem

Entry strategy selection is the perceived institutional difference between home and host countries (Kostova, 1999) or between prior entries and prospective host countries (Johanson and Wiedershiem-Paul, 1975). Institutional distance hinders the flow of information between the MNE and the market (Xu and Shenkar, 2002) and may promote the adoption of strategies that are not more efficient but rather more legitimate. For example, if the prospective host country’s environment is perceived to be substantially institutionally different from MNEs’ home institutional environments or prior entry experience in other foreign countries, MNEs may prefer to commit fewer resources to its operations in the foreign country.

This is an innovative step within the financial services MNCs, because despite most of them being organised by business divisions, they do not mix under the same umbrella the business from the home country which usually remain the principal asset with their international activities. Barclays bank in United Kingdom had on HQ involvements its strategy to subsidiary at Barclays bank of Kenya. These would range from global
strategies in which the firm uses a standardized approach in all of its national markets to multi domestic strategies in which the MNC adopts a differentiated approach in each national market. As a result, the subsidiary is no longer regarded as simply a pipeline from headquarters to a specific market. Instead, the focus is more on the differential ability of each subsidiary to contribute to the MNC's worldwide competitive strategy. This focus on competitive advantage indicates that strategies as well as control mechanisms serve to link the MNC headquarters with its subsidiaries. The next section reviews the literature which emphasizes this strategic linkage.

Despite abundant research on entry strategies in International Business (IB) studies, scholars have paid scant attention to the social context within which entry strategies into foreign markets are embedded (Granovetter, 1985). In fact, few studies have contrasted economic and social explanations for choices on entry mode strategy. It is unclear, for example, how different entry mode strategies reflect internal, inter-firm and external environment pressures. It is accepted, however, that the models of interaction between firms and their institutional environments determine the firms’ adjustment to external constraints and may promote the firms’ survival, even if the external environments are unknown and cannot be accurately predicted. In the case of multinational enterprises (MNEs), the difficulties are heightened because MNEs are exposed to multiple and distinctly complex foreign business environments (Guisinger, 2001). The focus of this study was to investigate on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. Local Studies have been done in the use of expatriates by MNCs to transfer managerial skills as an entry strategy on Safaricom.
Kostova and Roth (2002) suggest that subsidiaries can hardly ever attain a completely autonomous behavior as they face institutional duality. Most studies have been generalised and focused mainly on parent-subsidiary relationship. However, the relationship to change rapidly and therefore the strategies adopted are analysed in the context that a lot of changes have happened since the said studies were undertaken. The study aimed at addressing the research question: How are expatriates used by Barclays bank of Kenya to transfer managerial skills as an entry strategy?

1.3 Research Objective

The objective of the study was to investigate on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy.

1.4 Value of the Study

The findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. This may expand their knowledge on strategy planning in State Corporation and also identify areas of further study.

The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight important relationships that require further research on use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy.
The findings of this study may be beneficial to all banking industry both large and small since they may enhance on the use of expatriates by banking industry to transfer managerial skills as an entry strategy. The findings may also provide a useful reference document to stakeholders in the banking industry and academic institutions in their endeavors to formulate work plan to meet the managing skills transfer.

Most importantly, it may help the policy makers within public and private sector to identify crucial areas in their organizations and make appropriate decisions to ensure that strategic planning is critically emphasized on. Also, through this study leaders and managers in state corporations may learn and make responsible strategic plans and policy decisions that are meant to facilitate and sustain high organizational performance, and manage organizational and national resources so that corporations and societies can benefit from them in the future.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the literature available on use of expatriates by Multinational Corporation to transfer managerial skills as an entry strategy. The first section focused on Multinational Corporation, Transfer of managerial skills and Managerial skills transfer and use of Expatriate empirical studies in these areas were also reviewed.

2.2 Multinational Corporation Entry Strategy

Foreign entry strategies have been extensively studied in international business (IB) research. Some studies have focused on the antecedents, or predictors, of entry mode choice, others on the specific factors that lead to equity investment as the preferred mode of entry, and yet others on the consequences of entry modes (Werner, 2002). Given the focus of this paper, this section succinctly describes the three main approaches of existing research to explain the antecedents of foreign entry strategies. First, earlier studies on internationalization emphasize the effects of international experience accumulation on the selection of investment location and entry mode (Johanson and Wiedershiem-Paul, 1975; Johanson and Vahlne, 1977). These studies suggest an evolutionary, sequential and largely deterministic model of internationalization that evolves with knowledge acquisition, risk perception, commitment of resources and accumulation of international experience. These studies further prescribe that entry strategies follow a pattern of increasing involvement in foreign operations, from low involvement entry strategies (e.g.,
export) to higher commitment strategies (e.g., direct foreign investment through greenfield investments and/or acquisitions).

Second, foreign entry strategies have been studied as the outcome of internalizing market imperfections and the minimizing transaction costs by organizing exchanges within the MNEs (Williamson, 1975, 1981; Rugman, 1981). According to these studies, the best foreign entry strategy minimizes transaction and production costs as well as overcomes market imperfections (Teece, 1986). The higher the market imperfection (e.g., imperfections in the market for knowledge), the more likely the MNEs will internalize those markets and adopt, for example, greenfield entry strategies (Dunning, 1988).

Finally, a third approach to foreign entry strategies is rooted in the social network perspective. The network model of foreign entry strategy suggests that MNEs integrating networks with buyers, suppliers and competitors have privileged access to markets (Johanson and Mattson, 1988; Ellis, 2000). Cooperating with other firms facilitates market entry, reduces risks and costs while attenuating political and cultural constraints (Henisz, 2000).

2.3 Transfer of managerial skills

Edstrom and Galbraith (1977), argued that international skills transfers take place for one of three reasons: for staffing: because local staff cannot fulfill the requirements of the job and so someone from the headquarters’ country has to be sent out to fill the post. To provide younger high-fliers with the opportunity to experience new situations, develop
new skills or run their own operation away from headquarters. To provide socialisation in the ways different countries do things; to develop adaptability and flexibility; and to develop international contacts and networks. Other benefits include additional revenue for government, employment creation and transfer of expertise.

The relationship between the MNCs and host countries is a primary site of debate in the past two decades. It is argued that the national governments loss their power to control and impose any constraint toward the MNCs due to the increasing power of the MNCs. Clearly, in the battlefield between MNCs and host countries, there is a conflict of interests leading to an uneasy relationship between them. This is because they pursue different objectives. The MNCs, like any business enterprise, want to maximise the corporate profits regardless the interests of any particular country. In contrast, nation states want to achieve their national goals of promoting economic growth and welfare for national citizen. As the world economy is dominated by multinational capital, the challenge has been posed to the nation states’ ability to regulate the MNCs operating in their territory. Thanks to their high efficiency of the worldwide operations, the MNCs can easily escape the regulations imposed by the national governments.

Employing expatriates on foreign assignments is a spectacularly expensive process. Payments to the expatriate tend to be high and can be accompanied by a range of other costs: costs of transfer (recruitment and selection; home country relocation; briefing, preparation and training; removals and storage; air fares for the family; temporary hotel accommodation; overseas relocation. continuing costs (expatriate salary; school fees or
boarding school fee assistance; medical; insurance; housing; pension at home; car or transport; clothing allowances; family visits home). Overhead costs (the establishment and operation of a specialist expatriate section; communications and flights; senior executive time). MNCs have several options in their recruitment policies. The literature provides little information on policy issues but this research explored recruitment policies and systems as well as criteria. First, the source of recruits was investigated. It is clear that most companies prefer to recruit expatriates from amongst their own employees rather than externally, but they accept that this may not always be possible. Technical specialists in particular may well have to be recruited externally. None of the airlines however was prepared to send anyone other than current staff on a foreign assignment. For senior postings the range of organisations who would not recruit externally is considerably wider. Nevertheless, even for these positions one or more organisations in each country were prepared to go outside their current staff if they deemed it necessary.

Findlay (1996), argues that there are key four driving forces behind the creation and development of the human resource management policies and practices of the MNC subsidiaries. These forces are: the parent company and its country of origin influence, the host country influence, the industry within which the operations are taking place and the subsidiary internal management capabilities and resources. The final outcome is the result of the different strengths of each force and their interaction across time. Nevertheless, it emphasises the critical role played within this process by subsidiary management. Managerial choices create room for maneuver even within a priori constrained institutional and social environments. It argues that MNC subsidiaries, and their human
resource management policies and practices, are hybrids by nature, embodying multiple national business models and corporate styles (Morris, 1986).

The MNCs spend a lot of time and resources on R&D to acquire new technology and then rarely willing to transfer the technology and skill to the local managers and entrepreneurs. Therefore, not much will be left behind when they decide to shut down the activities in host countries. The existence of MNCs also discourages the locals to acquire and build up their own technology and capacity. This is nothing but economic and technological dependency. Further, It is unlikely that the MNCs will place the highest-return and highest-level activities in foreign country (Carnoy, 1996).

2.4 Managerial skills transfer and use of Expatriate

Expatriates provide a number of benefits for companies, including greater parent control and particular expertise. International experience is also seen as providing opportunities for personal and professional development and career advancement. Expatriates are very expensive, however, and this can discourage extensive use of expatriates. Many companies have also experienced relatively high failure rates, with failure often being attributed to the family's inability to adapt. Surprisingly, give the high costs, and likelihood of failure, companies often make these expensive commitments with little or no preparation for the need for cross-cultural transition. Expatriate success and job performance is closely related to intercultural adjustment and the same is true of families. Several characteristics determine an expatriate's expected level of success: job skills, motivational state, language skills, relationship skills, and family situation. Technical
competency is most often used as the selection criteria for expatriates, but that is rarely the best selection technique. The technical skills of an expatriate are of course important, but other skills can be as important. For example, an expatriate is likely to make more progress at the overseas location if he or she has effective managerial skills and administrative competencies. Strong relationships with the host country and headquarters' operations also make the expatriate's assignment more productive. Conflict resolution skills are also important to the expatriate. Expatriates must also have a strong belief in the assignment if it is to be a success, and they must believe that the assignment will be advantageous to their careers.

Multinational corporations (MNCs) use expatriates, not only for corporate control and expertise reasons in vital global markets, but also to facilitate entry into new markets or to develop international management competencies (Bird & Dunbar 1991). Skilled international labour migration is increasingly becoming acknowledged as a fundamental globalization process in the (re)production of the global (Tung, 1987). Such labour brings highly-specific knowledge, skills and networks into the different cities which contribute significantly to their magnetic agglomeration economies, wealth creation and global reach. In a similar vein, these workers are transnational elites. As they flow into or through the cities or countries, they bring with them well established cosmopolitan: networks; cultural practices; and social relations. Skilled transient international migrants or transnational elites) are key 'flows' in theorization of the global city as being a 'space of flows,' rather than a fixed (Guarnizo and Smith, 1999).
The role and significance of professional and managerial expatriate labour in the service economy of global city, one need to explore two relevant conceptual issues: expatriates as transnational communities; and expatriates as skilled 'transients' and constituent members of corporate global networks. In the former, the linking of migration studies with transnationalism and transnational communities is just beginning to receive theoretical and empirical analysis by geographers. It is within the spatiality of these networks that financial knowledge is accumulated and wealth created (Beaverstock, 1996).

From the HR-literature we know that expatriates are divided into three types: PCNs (Parent Country Nationals); HCNs (Host Country Nationals); and TCNs (Third Country Nationals). As we in this paper assume that there is no need to define these types of expatriates, it instead focus on the different roles of these expatriates by point of departure in the following four general approaches to international staffing (Harzing, 1999; Welch, 1995): Ethnocentric Approach because of a lack of qualified HCNs, PCNs occupy all key positions in the foreign operation, which means that the subsidiary is highly dependent on the headquarters' decisions. Some drawbacks from this approach could be limited promotion opportunities for HCNs, income gaps between PCNs and HCNs, and that PCNs cannot be involved in local matters.

Polycentric approaches HCNs occupy positions in the foreign subsidiary. Some transfers of HCNs to headquarters also take place. The approach eliminates the language barriers, and typically HCNs are less expensive. Some drawbacks from this approach could be communication problems between headquarter and subsidiary and limited career
opportunities for HCNs as they cannot be promoted to headquarter.

Geocentric approach the best people are selected for key positions regardless of their nationality. Nationality is not taken into account and a worldwide integration of employees takes place. In this approach an international team of managers is developed. Some drawbacks from this approach may be related to situations, where host governments prefer employment of locals because of i.e. labor issues. Regiocentric approach company's international business is divided into international geographic regions (i.e. the European Union). The staff can only transfer within these regions.

Securing the headquarter control, where the companies can exercise this control by using the PCNs in their foreign subsidiaries. In such situations firms try to incorporate the headquarters' culture into the foreign operations, which in some cases may create cultural problems. Especially MNCs tend to demand administrative and financial control in their foreign operations.

Opportunity for international experience/ management development, as several firms finds international experience highly important before promoting their employees. Foreign transfers are here important in order to learn foreign cultures and environments. In such situations qualified HCNs are available but managers are still transferred to foreign subsidiaries to acquire knowledge and skills.
Securing organizational development, which also is called the "Geocentric approach". This role is performed only by the best people at the best places without nationality barriers. Transfers can take place from headquarter to subsidiary, from subsidiary to headquarter, or from subsidiary to subsidiary. Nationality of employees does not matter in this situation, as the objective of this staffing strategy is to get to know about different cultures, create international networks, decentralization, and interaction between managers of different nationalities. In general, this strategy is mostly followed by larger global companies.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, data collection methods and comes to a conclusion with the data analysis and data presentation methods that were used in this study.

3.2 Research Design

This is a case study investigating to use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. This design was most appropriate for a single unit of study because it offered a detailed in depth analysis that gave valuable insights to phenomena.

This study was conducted through a case study and it was considered suitable as it allowed an in-depth study of the subject on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. According to Mugenda and Mugenda (2003), a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breath of the study.
3.3 Data Collection

Primary data was used in this study. To achieve this, an interview guide was used to collect primary data (see appendix 1). The interview was conducted by the researcher on senior employees from Parent-Subsidiary Barclays bank in Nairobi on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. The study involved top level management, who mainly consist of managing director, human resource, finance, marketing, ICT respectively.

The interview guide has unstructured questions which were used so as to encourage the respondent to give an in-depth response without feeling held back in revealing of any information. With unstructured questions, a respondent’s response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

3.4 Data Analysis

The study used content analysis for data analysis. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data was obtained from the various management team members belonging to different departments, they were compared against each other in order to get more revelation on to use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. The research was conducted on a sample of 10 respondents from top level management to which interviews were conducted. All the targeted interviews were conducted making a response rate of 100% which was sufficient for statistical reporting. The chapter covers the demographic information, and the findings are based on the objective.

4.2 Background information

Respondents’ designation

The respondents were asked to indicate their job designation. From the findings, the respondents served the bank in various capacities such as managing director, human resource, finance, marketing and ICT personnel. This depicts that the respondents were conversant with the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy owing to their management positions that they held.

Respondents’ working life at the present capacity

The respondents were asked to indicate the duration in which they have been working in the present capacity. From the findings most of the respondent (39%) had worked in their
present capacity in the bank for 6 to 10 years, 32% for 2 to 5 years, 19% for more than 11 years, while 10% for less than 2 years. These findings mean that most of the respondents in bank had worked for a long duration of more than 6 years, and hence they had rich information on use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy.

**Working with expatriate in the organisation**

The respondents were further requested to indicate whether they worked with expatriates in their department. From the findings, the majority of the respondents posited that they worked with expatriates in their department. This depicts that the bank uses expatriates to transfer managerial skills as an entry strategy to a great extent as most of the departments had expatriates working with the local staff.

**4.3 Use of expatriates to transfer managerial skills as an entry strategy**

**4.3.1 Benefits of expatriates**

The study also sought to determine the benefits of expatriates to the organisation. According to the respondents expatriates the have greatly enhanced the performance of the organisation through sharing best practices they possess. They have further boosted the quality of service through transfer of global skills and assisted the organization in cutting its operational costs through enlightening the staff of ways to increasing efficiency in their operation. Most importantly the respondents attested that the expatriates imparted better managerial skills to the management increasing their expertise in running the bank to the international threshold. As the expatriates come from
countries with advanced economies and technology, they further shared their skills and experience with local staff increasing their better approach to their work through the broadened thinking.

4.3.2 Factors triggering the need for expatriates in managerial skills transfer

The respondents were further required to indicate the factors triggering the need for expatriates in managerial skills transfer in Barclays Bank. From the findings, majority of the respondents posited that the factors triggering the need for expatriates in managerial skills transfer were; increased competition in the banking sector that required more specialized skills to maintain a competitive edge, the need for the bank to meet the international standards as a multinational bank, shortage in high standard managerial skills for strategic decisions, the need to upscale expertise of the local staff through sharing of skills by the expatriates.

The respondents further indicated that the need for expatriates in managerial skills transfer was used by the organization for corporate control purposes as the organization was a multinational company.

4.3.3 Limiting the number of expatriates in a given period

The study in this area asked the respondents to state whether Barclays Bank limited the number of expatriates in a given period. From the findings, majority of the respondents
attested that Barclays Bank of Kenya limited the number of expatriates in a given period. This was owing to the fact that the expatriates were paid higher salaries and other allowances than the local staff as a way of motivating them to work in the organization. This therefore meant that the bank could only be able to hire a limited number of expatriates at a given time.

The respondents further explained that the challenge of limiting the number of expatriates has been due to regulation by the government as one way of regulating the Multinational companies operating in their territory. Another reason is that the payments to the expatriate tend to be high and can are accompanied by a range of other costs: costs of transfer (recruitment and selection; home country relocation; briefing, preparation and training; removals and storage; air fares for the family; temporary hotel accommodation; overseas relocation. continuing costs). This therefore means that the organization can only have limited number of expatriates at a given time.

4.3.4 The implication of the number to transfer managerial skills as an entry strategy.

On the implication of the number of expatriates deployed to transfer managerial skills, the study established that the number of expatriates was too small to make significant impact in the entire organization. In addition, the expatriates available were overwhelmed by the work mandated to them reducing their productivity and compromising the quality of transfer of managerial skills.
4.3.5 Adopting ways of solving global issues

The study also sought to establish whether Barclays Bank limited has adopted better ways of solving global issues through interaction with the expatriates. The majority of the respondents attested that the bank through the interaction with expatriates had adopted better ways of solving global issues. The expatriates had built the capacity of the local management staff, increasing their expertise on both local and international banking sector. Therefore the staff could professionally deal with challenges owing to the changes both in the local and international market like recovering from the global economic meltdown, dealing with the increased world inflation among others.

4.3.6 Better ways of process excellence through transfer of managerial skills

The respondents were further required to indicate whether the bank had benefited in better ways of process excellence through transfer of managerial skills by expatriates. From the findings majority of the respondents posited that the bank had benefited in better ways of process excellence through transfer of managerial skills by expatriates.

This was owing to the fact that the expatriates trained the local management teams in modern ways of enhancing process excellence through adoption of automation systems to cut the operation cost and enhance efficiency, better ways of improving customer experience to increase the banks market share, means of boosting control and streamline the operation and ensuring compliance with the set standards. The management has also
learnt of the best practice skills in the industry.

4.3.7 Hindering factors of managerial skills transfer by expatriates

The study also sought to establish the hindering factors of managerial skills transfer by expatriates. From the findings, the respondents indicated that the hindering factors of managerial skills transfer by expatriates included; the limited period that expatriates stayed in the organization, the loss of employment to the local staff, lack of adequate financial resources to sustain the expatriates in the organization for a long time. They further explained that the inherent skills gaps within the local markets lends the expatriates’ ineffective. In addition, some of the markets are not mature enough for the revolutionary products and processes being introduced by the expatriates. They further cited the regulatory factors where the regulatory framework in the country prohibits the use of some of the managerial skills being introduced by the expatriates. The non-environment in the banking industry was also cited to be a hindering factor as it limited the extent to which managerial skills transfer by expatriates succeeded. The resistance by the local staff and negative attitude towards expatriates by the local management also limited the managerial skills transfer by expatriates. The job security of the expatriates further limited the managerial skills transfer as once they trained the local staff, their jobs would be over. Cultural differences between the expatriates and the local staff also limited their interaction thus limiting the managerial skills transfer.

Role of the use of expatriates to transfer managerial skills as an entry strategy

The respondents were required by the study to highlight the role of the use of expatriates to transfer managerial skills as an entry strategy. According to the findings, the
respondents indicated that use of expatriates as an entry strategy has helped the organization to develop a broader understanding of international operations, and help bridge the managerial skills gap and also participate in training the locals.

The use of expatriates for staffing has been used because local staff cannot fulfill the requirements of the job and so someone from the headquarters’ country has to be sent out to fill the post. The expatriates provide socialisation in the ways different countries do things; help to develop adaptability and flexibility; and to develop international contacts and networks.

The expatriates have also been deployed by the organization for corporate control, for expertise reasons in vital global markets, and to facilitate entry into new markets or to develop international management competencies.

The expatriates also brings highly-specific knowledge, skills and networks into the different cities to the organization which contribute significantly to their magnetic agglomeration economies, wealth creation and global reach. This in-turn gives the organization a competitive edge in the highly dynamic banking sector.

The use of expatriates to transfer managerial skills as an entry strategy has facilitated the exchange of knowledge about different cultures, create international networks, decentralization, and interaction between managers of different nationalities.

**Skills considered when recruiting for expatriates**

The study established that the skills that Barclays bank of Kenya considered when
recruiting for expatriates included; the skills needed by the organization, expatriates family's ability to adapt, the expatriates skills specialization and knowledge, expatriates motivational state, language skills, relationship skills, and family situation and expatriates’ strong belief in the assignment.

**Extent to which Barclays bank of Kenya uses expatriates**

The study finally sought to find out the extent to which Barclays bank of Kenya uses expatriates to expand the entry strategy. From the findings, the majority of the respondents unanimously agreed that the use of expatriates to expand the entry strategy used Barclays bank of Kenya was a major strategy adopted by the organization. However the organization could did not engage very many expatriates at a given time which limited the benefits that the organization accrued from the strategy.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the findings on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. It also it provides the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to investigate on the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy.

5.2 Summary of the Findings
The study revealed that the benefits of expatriates to the organization included; enhanced organization performance through expatriates’ sharing best practices they possess with the local staff, improvement of the quality of service through transfer of global skills and assisted the organization in cutting operational costs through enlightening the staff of ways to increasing efficiency in their operation. The expatriates imparted better managerial skills to the management increasing their expertise in running the bank to meet the international threshold. As the expatriates come from countries with advanced economies and technology, they shared their skills and experience with local staff giving them better approach to their work through the broadened thinking.

The study found out that the factors triggering the need for expatriates in managerial skills transfer were; increased competition in the banking sector that required more
specialized skills to maintain a competitive edge, the need for the bank to meet the international standards as a multinational bank, shortage in high standard managerial skills for strategic decisions, the need to upscale expertise of the local staff through sharing of skills by the expatriates.

The study further established that Barclays Bank of Kenya limited the number of expatriates in a given period. This was owing to the fact that the expatriates were paid higher salaries and other allowances than the local staff as a way of motivating them to work in the organization. This therefore meant that the bank could only be able to hire a limited number of expatriates at a given time.

On the implication of the number of expatriates deployed to transfer managerial skills, the study established that the number of expatriates was too small to make significant impact in the entire organization. In addition, the expatriates available were overwhelmed by the work mandated to them reducing their productivity and compromising the quality of transfer of managerial skills.

The study revealed that the bank through the interaction with expatriates had adopted better ways of solving global issues. The expatriates built the capacity of the local management staff, increasing their expertise on both local and international banking sector. Therefore the staff could professionally deal with challenges owing to the changes both in the local and international market like recovering from the global economic meltdown, dealing with the increased world inflation among others.
The study revealed that the bank had benefited in better ways of process excellence through transfer of managerial skills by expatriates. This was owing to the fact that the expatriates trained the local management teams in modern ways of enhancing process excellence through adoption of automation systems to cut the operation cost and enhance efficiency, better ways of improving customer experience to increase the bank's market share, means of boosting control and streamline the operation and ensuring compliance with the set standards. The management has also learnt of the best practice skills in the industry.

The study further established that the hindering factors of managerial skills transfer by expatriates included; the limited period that expatriates stayed in the organization, the loss of employment to the local staff, lack of adequate financial resources to sustain the expatriates in the organization for a long time. They further explained that the inherent skills gaps within the local markets lenders the expatriates’ ineffective. In addition, some of the markets are not mature enough for the revolutionary products and processes being introduced by the expatriates. They further cited the regulatory factors where the regulatory framework in the country prohibits the use of some of the managerial skills being introduced by the expatriates. The non-environment in the banking industry was also cited to be a hindering factor as it limited the extent to which managerial skills transfer by expatriates succeeded. The resistance by the local staff and negative attitude towards expatriates by the local management also limited the managerial skills transfer by expatriates. The job security of the expatriates further limited the managerial skills
transfer as once they trained the local staff, their jobs would be over. Cultural differences between the expatriates and the local staff also limited their interaction thus limiting the managerial skills transfer.

The study established that the skills that Barclays bank of Kenya considered when recruiting for expatriates included; the skills needed by the organization, expatriates family's ability to adapt, the expatriates skills specialization and knowledge, expatriates motivational state, language skills, relationship skills, and family situation and expatriates’ strong belief in the assignment.

5.3 Conclusions

The study concluded that the benefits of expatriates to the organization included; enhanced organization performance through expatriates’ sharing best practices they possess with the local staff, improvement of the quality of service through transfer of global skills and assisted the organization in cutting operational costs through enlightening the staff of ways to increasing efficiency in their operation. The expatriates imparted better managerial skills to the management increasing their expertise in running the bank to meet the international threshold. As the expatriates come from countries with advanced economies and technology, they shared their skills and experience with local staff giving them better approach to their work through the broadened thinking.

The study concluded that the factors triggering the need for expatriates in managerial
skills transfer were; increased competition in the banking sector that required more specialized skills to maintain a competitive edge, the need for the bank to meet the international standards as a multinational bank, shortage in high standard managerial skills for strategic decisions, the need to upscale expertise of the local staff through sharing of skills by the expatriates.

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by expatriates. The job security of the expatriates further limited the managerial skills transfer as once they trained the local staff, their jobs would be over. Cultural differences between the expatriates and the local staff also limited their interaction thus limiting the managerial skills transfer.

The study further established that use of expatriates as an entry strategy has helped the organization staff to develop a broader understanding of international operations, and help bridge the managerial skills gap and also participate in training the locals. The use of expatriates for staffing has been used because local staff cannot fulfill the requirements of the job and so someone from the headquarters’ country has to be sent out to fill the post. The expatriates provide socialisation in the ways different countries do things; help to develop adaptability and flexibility; and to develop international contacts and networks. The expatriates have also been deployed by the organization for corporate control, for expertise reasons in vital global markets, and to facilitate entry into new markets or to develop international management competencies. The expatriates also have brought highly-specific knowledge, skills and networks into the organization, which contribute significantly to their magnetic agglomeration economies, wealth creation and global reach. This in-turn gives the organization a competitive edge in the highly dynamic banking sector. The use of expatriates to transfer managerial skills as an entry strategy has facilitated the exchange of knowledge about different cultures, create international networks, decentralization, and interaction between managers of different nationalities.
The study established that the skills that Barclays bank of Kenya considered when recruiting for expatriates included; the skills needed by the organization, expatriates family's ability to adapt, the expatriates skills specialization and knowledge, expatriates motivational state, language skills, relationship skills, and family situation and expatriates’ strong belief in the assignment.

The use of expatriates to expand the entry strategy used Barclays bank of Kenya was a major strategy adopted by the organization. However the organization did not engage very many expatriates at a given time which limited the benefits that the organization accrued from the strategy.

5.4 Implication to Policy and Practice

The study acknowledges the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy. The study finds the use of expatriates by Barclays bank of Kenya to transfer managerial skills. Especially in areas which may be doing well locally but internationally stagnating. The findings of this study may be beneficial to all banking industry both large and small since they may enhance on the use of expatriates by banking industry to transfer managerial skills as an entry strategy. The findings will provide a useful reference document to stake holders in the banking industry and academic institutions in their endeavors to formulate work plan to meet the managing skills transfer. Due to this, the parent is reluctant for the subsidiary to venture into this sector aggressively as it is perceived to be a high risk sector. From a policy perspective, this study would recommend that subject to justification and viability of the sectors the
parent is not keen on, the subsidiary should be allowed to strategically enter into these markets as the parent company stands to benefit at the end of the day.

5.5 Recommendations

The study recommends that the bank management should increase the number of expatriates from diverse skill background to enhance the managerial skills as an entry strategy.

The bank management should educate its staff of the importance of use of expatriates to transfer managerial skills to mitigate against their negative perception of this efforts and minimize staff resistance and ensure they maximally gain from the expatriates.

The study also recommends that bank management should review the policies on use of expatriates to transfer managerial skills with a view to ensure that the expatriates’ job security is maintained as they carry out their mandate.

The study further recommends that bank management should seek to deploy expatriates with experience on the developing economies to ensure that the transfer managerial skills as an entry strategy is relevant to the local market environment.

5.6 Suggestion for further studies

Since this study explored the use of expatriates by Barclays bank of Kenya to transfer managerial skills as an entry strategy, the study recommends that; Similar study should be done in other banks in Kenya for comparison purposes and to allow for
generalization of findings on the use of expatriates to transfer managerial skills as an entry strategy.

Further studies should be done on the challenges facing use of expatriates to transfer managerial skills as an entry strategy.
Reference


Boyacigiller, N. (1990), Role of expatriates in the management of interdependence, complexity, and risk of MNNs, *Journal of international business studies*, 3rd quarter.


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Appendix 1: Interview Guide

1. What is your designation? ..............................

2. How long have you been working in your present capacity? .........................

3. How closely do you work with expatriate in your organisation?

4. How have you benefited from the managerial skills transfers by expatriates?

5. When does Barclays bank of Kenya employ expatriates?

6. Does Barclays bank of Kenya control the number of expatriates? And what is the implication of the number to transfer managerial skills as an entry strategy?

7. What skills does Barclays bank of Kenya consider when recruiting for expatriates?

8. To what extent does Barclays bank of Kenya uses expatriates to expand the entry strategy?

9. Outline the benefits accrued by Barclays bank of Kenya by using transfer managerial skills as an entry strategy?

10. What other benefits do expatriates provide to Barclays bank of Kenya other than transfer managerial skills?

11. Recommend to other sector on importance of using expatriate to expand entry strategy through transfer managerial skills.