THE CULTURAL PERSPECTIVE OF INTERNATIONAL OPERATIONS AT TOTAL KENYA LIMITED

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2015

DECLARATION

This project is my original work and has not been submitted to any other University for award of a degree.

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This project was submitted for examination with my authority as the university supervisor.

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ACKNOWLEDGEMENTS

DEDICATION

This project report is dedicated to my family and friends for their love, support and encouragement during the entire period of my studies.

ABSTRACT

International Business deals with the nature, strategy and management of international business enterprises and their effects on business and national performance (e.g., efficiency, growth, profitability, employment). Once the firm has entered and established itself in international markets, new concerns rest primarily with operational issues in order to develop and maintain a competitive advantageous position. To operate within a company's external environment, managers must have knowledge of business operations and a working knowledge of social sciences, and how they affect all functional business fields. Companies perform various activities in more than one country such as manufacturing, selling or even sourcing. The purpose of the research study was to determine the influence of culture on the international operations of Total Kenya Limited. The objectives of this study were to determine how culture influences the operations of Total Kenya Limited and how cultural orientation in international operations contributes to performance by Total Kenya Limited. The study was able to meet these objectives by employing a case study design. Both primary and secondary data was collected for this study. The primary data was collected using the interview guide questions while secondary data was drawn from relevant literature review. The study targeted eleven respondents who were senior managers and who have taken the lead position on the international operations of the organization with employees from different cultures. The researcher identified that possibilities abound for misunderstanding were based on cultural differences. Most managers' abilities to adapt to a new cultural setting, learning patterns of social interactions specific to that environment and responding appropriately, is weak. There is a great need to strengthen their cultural intelligence by adapting to other cultural rules, more so when interacting with other cultures, thus demonstrating esteem for them and how they do their business in their own culture. This leads to greater trust and openness which is vital in any business relation. The study found that culture in the foreign or home country influences the recruitment of employees, organizational learning, training and development of employees, creation of internal social networks, products advertisements and public relations The study also found Total Kenya's organizational culture encourages interaction between different levels management. The study revealed that culture in an organization influences management and performance of the organization. The study recommends that there is need for management to incorporate their customers' feedback in order to enhance consistency within the organization as this will positively influence the organization culture. They should also ensure employees understand the organizational goals, and then discuss how each person can contribute to the achievement of those objectives regardless of their cultural diversity. Cultural differences remain persistent and present an array of challenges for multinational companies. Firms that manage adaptation effectively are able to achieve congruence in the various cultures where they operate while extending their main sources of advantage across borders, and in some cases even making cultural diversity itself a source of advantage.

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ACRONYMS AND ABBREVIATIONS

GDP   Gross Domestic Product

HRM   Human Resources Management

LPG   Liquefied Petroleum Gas

OMCs   Oil Marketing Companies

SACCO   Savings and Credit Co-operative

TKL   Total Kenya Limited

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Culture poses a critical contingency upon both the planning and implementation of future strategies (Jemison & Sitkin, 2004). Appropriate culture has implication on the well-being of the business organization in the international markets has been explicitly recognized by many organizational researchers (Hofstede, 1980).

Several authors (Hofstede, 1994; Trompenaars, 1993) refer to cultures as being different from each other, for example, by their communication and leadership style. The globalizing wind has broadened the mindsets of executives, extended the geographical reach of firms, and nudged international corporations business (Guillen, 2001). Conventional wisdom holds that the national cultural differences between countries will significantly impact on cross-national business relationships between firms from different countries and cultures.

Culture, according to Triandis *et al.* (1986) is posited to be subject to change over a period of time. It is however complex to understand how these culture differences translate into influencing multinational corporations' business relationships.

One of the most important trends facing managers is the ever-increasing emphasis on globalization. In the past, many organizations competed mainly within their home country or region. Today, firms purchase materials and services, develop alliances, and sell their products all over the world.

While neo-classical economists would prefer that we assume all managers are motivated by maximizing profits, international business researchers have suggested a variety of possibilities beyond the classic profit-maximization that include interest in the protection of national culture, exploitation of unique products or resources, unique approaches to internationalization, or development of national infrastructures. That is, over the past 20 years, international management research has successfully linked culture to the bases for many of the cross-national differences in business behaviors (Trompenaars & Hampden-Turner, 1998).

Kogut & Singh (1988) argued that the way firms expand their base of operations is related to "national culture." Porter (1990) suggested that in addition to culture, the location of plants and resource-based advantages related to the industry help explain patterns of global competition within specific industries. And finally, Sekely & Collins (1988) posited that cultural differences influence the capital structure of firms. All of these researchers and their studies seem to agree that the decision-making of managers varies from culture to culture as opposed to being based simply on geographical boundaries.

Several studies suggest the importance of cultural values in explaining the differences in overall performance of the firm (Hofstede, 1980; Shane, 1994). However, it has been suggested that performance differences at the firm level are partially due to different cultures defining desirable corporate performance in different ways.

There are several theories that explain the existence of cultural values in the society. Among these theories include the theory of cultural dimensions, evolutionary theory of culture and social identity theory.

1.1.1 Concept of International Business

International Business deals with the nature, strategy and management of international business enterprises and their effects on business and national performance (e.g., efficiency, growth, profitability, employment). Once the firm has entered and established itself in international markets, new concerns rest primarily with operational issues in order to develop and maintain a competitive advantageous position. To operate within a company's external environment, managers must have knowledge of business operations and a working knowledge of social sciences, and how they affect all functional business fields. Companies perform various activities in more than one country such as manufacturing, selling or even sourcing. Czinkota (2009) further argues that the main force behind the development of international business is the concept of globalization.

1.1.2 International Business Operations

Internationalization process theory (Johanson & Vahlne, 1990) builds up on the incremental process of a firm's experiential learning in foreign markets to explain incremental accumulation of commitment to foreign markets. Internationalization has become widespread in the last decade. Several studies from the 1970s supported the notion that firms initially gain a strong foothold in their domestic market before they leap into international markets. Hence, business research mainly focused on established firms whereas the entrepreneurship literature focused on domestic market dimensions. Over the

past decade, the literatures that focused on entrepreneurship and internationalization have been more closely related in terms of the effort to describe and understand the phenomenon of infant firms that operate internationally right from inception.

According to Reiner *et al*. (2008) in seeking the reasons for internationalization, Ferdows (1997) acknowledged: access to low-cost production, access to skills, and proximity to the market as the three main strategic causes for selecting a location. So far, Reiner *et al*. (2008) have acknowledged a number of factors which have influence on internationalization. These are: market knowledge, level of product standardization, level of country development, entry mode or control, strategic reasons, importance of local resources and local market, role in the operations network and driver of the supply chain.

1.1.3 Cultural Perspective of International Operations

Culture can, according to Czinkota (2009), be divided into different categories like language, manners and behaviour, education and social institutions. These categories can play an important role when it comes to international business and can thereby even affect the negotiation process. According to Cameron (2000), culture also includes artifacts, values and underlying assumptions.

Culture is composed of societal forces affecting the values, beliefs, and actions of a distinct group of people. Cultural differences certainly exist between nations, but significant cultural differences exist within countries as well. As business corporations compete in the global marketplace, their competitive advantage is often derived from their ability to maintain effective relations in multiple countries over long periods of time.

Hofstede (2010) proposed four value-oriented dimensions that differentiate national cultures: (1) power distance, (2) individualism, (3) uncertainty avoidance, and (4) masculinity. Each of these values can be considered as continuous variables; a culture can fall anywhere between the two descriptive poles of one of these variables. Cultural anthropologists have long recognized the use of value-oriented dimensions to describe the cultural values that most precisely identify and circumscribe a group. In further investigation, Marquardt and Dean reported in 1993 that there are nine interacting factors that create the various cultures. They indicated that these nine factors have a significant impact on global Human Resource Development practices. These nine factors are religion, education, economics, politics, family, class structure, language, history, and natural resources or geography.

Generally, people feel compelled strongly to conform to cultural norms, regardless of how much one embraces the underlying cultural values. Simply put, the success or failure of an international and/or multinational business organization may depend on management's knowledge of cultural factors and their impact on the workplace. To be effective in a global business environment, it is important to study different cultures and communication skills.

Cultural conflicts and misunderstandings are often caused by simple ignorance of interest, beliefs and experiences between nations. Many misunderstandings arise from inappropriate social conduct like unintended meanings, poor word choices, ineffective styles, unclear roles and responsibilities, false expectations, different standards, fluctuating economic and political conditions, or personal misfortunes. These misunderstandings can easily be corrected through education and dialogue (Yager, 2001), and education may be the best and most simple way to resolve them.

1.1.4 Petroleum Industry in Kenya

Petroleum industry in Kenya was liberalized in October 1994. This in effect, meant removal of government controls and restrictive regulations in the industry while opening the market to competitive forces. In 2001, the number of oil marketers trading in Kenya was eleven (Chepkwony, 2001). In 2015, the number of oil marketers trading in Kenya has risen to seventy four (Pipecor insight, February 2015). This has greatly increased the level of competition in the fuels market and companies have been forced to come up with new strategies in order to survive and grow. As the fuels market becomes more and more competitive, the main oil companies now place more emphasis in related petroleum products like Liquefied Petroleum Gas (LPG) and lubricants. Competition is thus shifting to these products as well. Likewise, some have convenience stores and restaurants. All these are meant to make the customers buying fuel more comfortable in a one stop shopping experience.

The market is still largely oligopolistic with 60% being controlled by the big four Oil Marketing Companies (OMCs). These are Total Kenya Limited, KenolKobil, Vivo Energy Kenya and Libya Oil Kenya Limited (Petroleum Insight, 2014). The petroleum sector has seen a lot of growth and improvements in quality and level of service. However, without an appropriate regulatory environment being in place at the time of liberalization (the existing legislation at the time was the Petroleum Act Cap 116 of 1948 with latest revision of 1972), several challenges face the sector which include increase of substandard petroleum dispensing and storage sites which pose environment health and safety risks; diversion of petroleum products destined for export into the local market by unscrupulous business people to evade tax and a dominance of the market by a few

companies among others. The Government noted these challenges in its energy policy contained in Session Paper No. 4 of 2004 on Energy and recommended review of the Petroleum Act Cap 116 and other energy sector statutes and the introduction of a new energy sector legislation to cover petroleum, electricity and renewable energy. It also recommended the formation of a single energy sector regulator to regulate electricity, downstream petroleum, renewable energy and other forms of energy.

In 2006, the Energy Act No. 12 of 2006 was enacted. This led to the transformation of the then Electricity Regulatory Board to the current Energy Regulatory Commission (ERC) to also regulate petroleum and renewable energy sectors in addition to electricity. The Act states in Section 5(a) (ii) that the objects and functions of ERC include regulating the importation, exportation, transportation, refining, storage and sale of petroleum and petroleum products. Construction Permits are also issued by ERC for all petroleum related facilities in order to check proliferation of substandard sites. All petroleum operators are required to comply with provisions for Environment Health and Safety. Section 102 empowers the Minister to make regulations upon recommendation by the Commission on petroleum related activities including importation, exportation, and open tender systems for importation, minimum operational stocks, and determination of retail prices for petroleum products among others.

1.1.5 Total Kenya Limited

Total Kenya Limited is part of the TOTAL Group world operating in over 100 countries with the head office being in Paris. The group is involved in all aspects of the oil industry from exploration and production to refining and marketing. TOTAL has been

operating in Kenya since its incorporation in 1955 as OZO East Africa Ltd. In 1963, the name changed to Total Oil Products East Africa Limited. In 1991, the company name changed to Total Kenya Limited. The Company has become one of the country's major oil and gas marketing companies with over one hundred and seventy service stations and a market share of 20.2%.

TOTAL is well known for its tradition of superior services, hospitality and attractive conveniently located stations in the retail network. It is currently a brand leader in the Kenyan market. The Company is also the clear leader in the Liquefied Petroleum Gas (LPG) retail market. It was the first oil company in Kenya to be awarded the ISO 9002 certification for its service station network and for its customer order delivery process. The certification upgrade to ISO 9001:2000 was achieved in November, 2003.

Total Kenya Limited engages in the marketing of petroleum products in Kenya. It sells various fuels, including leaded and unleaded petroleum; low sulphur diesel, industrial diesel oil and heavy furnace oil, bitumen, jet fuel and avgas and kerosene. The company offers lubricants for petrol engines under the Quartz brand, and for diesel engines under the Rubia brand through its service station network. It also offers liquid petroleum gas (LPG) in various pack sizes to both domestic and institutional customers under the TotalGaz brand. In addition, Total Kenya offers services, such as oil change and car checks; convenience stores; car wash service; and restaurants at its service stations. Further, the company markets aviation fuel, lubricants, and specialist services to Jomo Kenyatta International Airport, Moi International Airport, Wilson Airport, Eldoret Airport and Lokichoggio Airport.

Total Kenya also has Auto Express/Pitstop service, the Bonjour/All Seasons shops, the Firestone and Michelin Tyre centres, the Auto Clean/Car wash and restaurants. Total Kenya also exports diesel, jet fuel, kerosene, petrol, as well as LPG, lubricants, and bitumen to Uganda, Rwanda, Burundi, Congo, South Sudan, and Tanzania. Its headquarters are situated at Regal Plaza, along Limuru road, Nairobi. Total Kenya Limited operates as a subsidiary of Total S.A.

1.2 Research Problem

The increasing interdependence between nations, businesses and people has brought the importance of national cultures to the forefront. Culture greatly influences how individuals think, communicate and behave. Thus, it has a great influence on some aspects of business negotiations. Worth noting is that culture and nationality are not always the same. Cultures within a nation can be distinct. More often than not, most international organizations tend to carry along with them the cultural practices of the country of origin to international markets. Some of the cultural practices may not be compatible with the international markets and may end up being detrimental to their business success (Ndapwilapo, 2010).

Studies conducted indicate that culture has some influence on the way decisions are made in an organization. For instance, Rozkwitalska and Gdańska (2009) carried out a study on the Cultural Dilemmas of International Management. The findings indicate that there are some hidden elements on cultural issues and these hidden elements, if not understood, can make or break international business transactions. It is thus important to be aware of cultural influences on negotiations. Nyambegera, Sparrow & Daniels (2000) also carried out a study on the impact of cultural value orientations on individual HRM preferences in developing countries.

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Luthans (2012), in his discussion in the world of international management about Toyota shows how culture can have a great impact on business practices. Luthans (2012) argues that some national characteristics can strengthen, empower and enrich management effectiveness and success while others may interfere with or constrain managerial decision making and efficacy. Teerikangas & Very (2003) indicated that cultural differences have a positive influence on foreign bank performance in the foreign country; others found cultural differences to hamper success of banks in foreign country. The findings suggested that the relationship between cultural differences and bank performance in foreign countries is more complex and critical to management of the foreign banks.

Local studies have focused on aspects of cultural diversity at the workplace in Kenya; Oluoch (2006) conducted a study on cultural diversity management practices of commercial banks in Kenya, Muraya D., (2012) did a study on cultural perspective of international operations by Barclays Bank of Kenya. Chelimo (2013) carried out a study on the effect of cross cultural management practices on international operations of Kenya Commercial Bank, Njagi (2012) did a study on the influence of culture on the management practice at Beiesdorf East Africa Limited. Marima (2013) did a study on influence of national and organizational culture on management of oil companies in Kenya.

In parallel, the changes and uncertainty associated with globalization of petroleum industry in Kenya demand a need to understand cultural impact on internationalization of operations at every stage of their development. However, the researcher did not find any

writer on cultural perspective of international operations in petroleum industry in Kenya; this constituted a knowledge gap which this study sought to address. The broad aspect of culture and the number of oil marketing companies made the researcher to focus on Total Kenya Limited which is the leading oil company in Kenya. To this end, the study was guided by the question: what is the cultural perspective of international operations at Total Kenya Limited?

1.3 Research Objectives

The objectives of this study were:

i.   To determine how culture influences the operations of Total Kenya Limited.

ii.   To determine how cultural orientation in international operations contributes to performance by Total Kenya Limited.

1.4 Value of the Study

The findings of this study will be useful to Total Kenya Limited and various other stakeholders and similar organizations. Total Kenya Limited will benefit from the findings as the management will be able to identify the cultural challenges within their operations. Identification of these challenges will lead to seeking solutions that will assist in solving them; this will lead to profitability due to motivated diverse workforce. The understanding of culture will contribute to better communication skills leading to successful negotiations, especially where Total Kenya depends on the results to be able to solve issues concerning their global customers.

Other Oil Marketing Companies will gain insight and understand how best to apply culture in their respective international organizations so that they can be successful, with reference to the findings of this study. The government also, through the Ministry of Energy will use the research findings to educate the employees who are working in Multinational Oil companies which are becoming global in their operations.

This study will also support policy makers in the formulation of policies and regulations to guide in the petroleum industry. The policy makers will obtain knowledge of the petroleum sector dynamics and appreciate the different cultures represented in the petroleum industry which will enable them in making decisions.

The study will also be useful to academicians and scholars interested in conducting further research in international business since they will gain knowledge on the application of culture in international operations. They will also be able to use the findings of this study to prove various theories and to use the study as a basis for further research on other variables not included in this study

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of past studies on influence of culture on international operations of oil companies in Kenya.

2.2 Theoretical Basis

There are several theories that attempt to explain the existence of cultural values in society. Among these theories include the theory of cultural dimensions, evolutionary theory of culture, and social identity theory of culture.

2.2.1 Cultural Dimensions Theory

(Hofstede *et al.,* 2010) define culture as "the collective programming of the mind that distinguishes the members of one group or category of people from others". This theory describes the effects of a society's culture on the values of its members, and how these values relate to behavior. The original theory proposed four dimensions along which cultural values could be analyzed: individualism-collectivism; uncertainty avoidance; power distance (strength of social hierarchy) and masculinity-femininity (task orientation versus person-orientation). Independent research in Hong Kong led Hofstede to add a fifth dimension, long-term orientation, to cover aspects of values not discussed in the original paradigm. The five dimensions model is widely used in many domains and particularly in the field of business.

Uncertainty Avoidance is defined as the extent to which members of an organization or society strive to avoid uncertainty and alleviate the unpredictability of future events by reliance on social norms, rituals and bureaucratic practices (Hofstede, 1980). Coping with the inevitable uncertainties in life is partly a non-rational process that different individuals, organizations and societies resolve in different ways, including the application of law, religion, rituals, rules, and uses of technology. All these cultural inventions can make life seem more predictable or less uncertain (Trompenaars, 1993). Power Distance is defined as the degree to which members of an organization or society expect and agree that power should be unequally shared. The power distance dimension as defined by Hofstede (1980) reflects human inequality in the areas of prestige, influence, wealth, and status in each culture. According to Hofstede, the extent to which people accept unequal power is culture-based.

Different societies cope in different ways with differences in gender roles which define Masculinity versus Femininity. A higher level of masculinity is the dominant role pattern in the majority of societies. Although biological differences between men and women are the same for all societies, the actual division of labor between women and men varies widely. This gender pattern is transferred to each society through families, schools, peer groups, and the media. The predominant socialization pattern is for men to appear autonomous, aggressive, and dominant. Conversely, it is common in many societies for females to appear nurturing, helpful, humble, and affiliating. These social patterns seem to be projected onto cultural perceptions of organizations. Business organizations are often times perceived to be more "masculine" while organizations, such as hospitals, tend to be perceived as more "feminine."

According to Hofstede (1980), the individualism-collectivism dimension captures how people think about themselves and the organizations to which they belong. Management practices are affected depending on whether culture is individualistic or collective oriented. Individualistic culture is attributed to a loosely knit social framework in which people emphasize only their own interest and individuals are offered large amount of freedom as compared to collectivism culture which describes a tight social framework in which people expect others in groups to look after them when in need (Hofstede, 1980).

2.2.2 Evolutionary Theory of Culture

This theory of culture is based on the evolutionary theory of natural selection. The theory suggests that some elements in the ecosystem are eliminated naturally and others are left to survive. The theory argues that some traits in any culture may be eliminated over time thus extinguishing them completely. In other words, this theory posits that culture is not static but evolutionary in nature and keeps on taking different patterns over time. Applying an evolutionary model of natural selection to cultural constructions on biological foundations has led anthropologists to ask with increasing sophistication, how human communities develop particular cultural patterns. It is through the evolutionary theory that people are able to explain the transformation of cultural patterns in various societies (Keesing, 1974).

The field of social psychology has generated an impressive array of empirical studies, yet it suffers from a lack of a strong connection to disciplines like anthropology, sociology and economics. In the social sciences more generally, one of the most difficult problems is linking individual-level phenomena like social learning with societal scale ones like

social institutions. Evolutionary theory begins with models of individual behavior and then aggregates across individuals and across time to deduce the long run population-level outcomes of an evolving system. In the case of humans, we have to keep track of two systems of inheritance, genes and culture. Individuals inherit genes and culture by sampling from the population of which they are a part.

Concerning culture, the sampling process differs both in the identity and number of people sampled and in the biasing decision rules people can use to acquire culture. As people use cultural or genetic variants they have inherited, they may prove varyingly successful in surviving and transmitting variants to other individuals. These mostly minor changes at the individual level modify the population that is available for imitation, teaching, and genetic reproduction in the next time period. Minor changes at the individual level, if reasonably consistent across individuals and over time, have big effects at the population level.

2.2.3 Social Identity Theory

According to social identity theorist Tajfel (1978), members of all societies engage in social categorization and recategorization. Tajfel stated that social identity is constructed in the context of attitudes toward one's group, and is related to prejudice, intergroup conflict, culture, and acculturation. Brewer (1991) demonstrated that individuals' motivation to claim and express their social identities "depends on the competing needs for inclusiveness and uniqueness, whereby people seek an optimal level of distinctiveness" (Ethier & Deaux 1994) in choosing a group.

Although studies of social identity have typically used artificial social groups such as college students brought together in short-term laboratory situations, normal transitions through the life that affect social identities and self definition can, in turn, affect how individuals adapt to changing environmental opportunities and threats (Ruble 1994).

Ethnic identity is one domain of personal and group identity that changes across context through the life span (Rumbaut 1994, Waters 1994). To test the social identity perspective regarding how individuals maintain their social identities across transitions and in response to threat, Ethier & Deaux (1994) conducted a longitudinal study of ethnic identity among Hispanic college students, who were interviewed three times during their first year at universities with predominantly European American student bodies.

Combining qualitative and quantitative methods, Ethier & Deaux (1994) asked students to name their important identities, providing examples such as age, gender, relationships, and race or ethnicity, as well as to complete standardized survey measures of collective self-esteem. Two developmental pathways emerged that supported social identity 'theory: Students who began college with a strong Hispanic identity, as indicated by their language, generation of immigration, and ties to family and peers, were more likely to affiliate with ethnic student organizations and to report a positive personal and group identity. In contrast, students who came to college with a weak sense of ethnic identity were less likely to affiliate with ethnic student organizations and more likely to respond to threat with negative emotions and negative self-esteem.

2.3 An Exposition on Culture

Cultural anthropologists have long recognized the use of value-oriented dimensions to describe the cultural values that most precisely identify and circumscribe a group. Generally, people feel compelled strongly to conform to cultural norms, regardless of how much one embraces the underlying cultural values. To be effective in a global business environment, it is important to study different cultures and communication skills. Employers are having trouble finding workers who have excellent (1) soft skills, (2) business etiquette, (3) interpersonal communication skills, and (4) intercultural communication skills (Yager, 2001). As the world becomes more diverse and countries serve as hosts to more international guests, the issue of communication and effective interaction with people from other cultures becomes more important (Cameron, 2000).

Etiquette, traditional customs, and culture also play an important role in global understanding. There are benefits other than just economic ones that are received when cultural components are included in language courses developed specifically for a major such as Hospitality Management. They include (1) an improved ability to identify viable business opportunities, (2) an increased competitiveness around the world, (3) improved job satisfaction and retention of overseas staff, (4) less business loss due to insensitivity toward cultural norms, and (5) improved effectiveness in diverse business environments (Marquardt & Dean, 1993). Cultural conflicts and misunderstandings are often caused by simple ignorance of interest beliefs and experiences between nations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that the researcher used to conduct the study. The methodology includes the research design, data collection methods and data analysis techniques.

3.2 Research Design

"A research design is the logic that links the data to be collected and the conclusion to be drawn to the initial questions of a study" (Yin, 2003). This was a case study design since the unit of analysis was one organization.

Mugenda and Mugenda (2003) argued that a case study is essential for analyzing information in a systematic way in order to get useful conclusions and recommendations. Also, case study allows details to be collected from multiple sources of information and results be verified through in depth probing (Stokes & Bergin, 2006).

3.3 Data Collection

Both primary and secondary data was collected for this study. The primary data was collected using the interview guide questions while secondary data was drawn from relevant literature review. The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better understanding and enable the researcher get more insightful interpretation of the results from the study. The interview guide was considered appropriate for this

study since there was need to gain in-depth understanding of culture on international operations at Total Kenya Limited and this was achieved by conducting interviews. In-depth interview was preferred as it encourages participants to share as much information as possible and provide more qualitative information, more depth representation, efficiency, statistics and more value (Stokes & Bergin, 2006). The respondents were eleven senior managers drawn from Exports, Operations, Aviation, Supply and Trading, Marketing and Human Resources departments in the organization and who have taken the lead position on the international operations of the organization with employees from different cultures.

3.4 Data Analysis

Since data collected was qualitative in nature, content analysis was used to evaluate the response, draw conclusions and to derive recommendations. Content analysis consists of reading and re-reading the interview responses looking for similarities and differences in order to find themes and develop categories. The main purpose of content analysis was to study the existing information in order to determine factors that explain a specific phenomenon (Mugenda & Mugenda, 2003).

According to Kothari (2004), content analysis consists of analyzing the contents of documentary materials such as books, magazines, newspapers and content of all verbal materials which can either be spoken or printed. Further Hsieh & Shannon, (2005), insist that content analysis is the systematic qualitative description of the composition of the objects or materials of the study.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis, results and discussions of the study. The first section deals with the general information of the respondents under study while the second section seeks to address the research objectives: to determine how culture influences the operations of Total Kenya Limited and how cultural orientation in international operations contributes to the performance by TKL. The sample size of this study comprised of 11 respondents, out of which 10 responses were obtained. This gives a 90.91% response rate.

4.2 Background information of Respondents

This section presents the results of the analysis on the general characteristics of the respondents in terms of department, nationality and experience in the organization.

The researcher sought to understand the cultural background of the employees at TKL and how they operate in the organization. The respondents were of the view that culture is of great importance. They argued that differences among employees may include age, race, gender, ethnic background, physical and cognitive ability, sexual orientation, religious beliefs and dedication to work.

The respondents comprised of senior managers from Exports, Operations, Aviation, Supply and Trading, Marketing and Human Resources departments in the organization and who have taken the lead position on the international operations of the organization with employees from different backgrounds. Six of the respondents were Kenyans, one

Dutch and three French respondents. The study also probed on the period of service of the respondents at TKL so as to assess the reliability of the information offered. Majority of the respondents have worked at the organization for over three years.

4.3 Influence of Culture on International Business

Culture is the main difference, which influences how people exchange greetings with business partners and customers from different nationalities, how to negotiate a deal and how to resolve conflicts within the organization. The respondents were of the opinion that managers have to be cultural sensitive so as not to offend their colleagues and retain customers. One respondent was keen to note that when meeting with a customer for the first time, one should wait for the customer to extend his or her hand for greetings as some cultures do not allow shaking of hands with the opposite gender.

The study sought to find out from the respondents the role of culture in international operations. The study revealed that an organization needs to take cultural issues with a high degree of seriousness. The respondents confirmed that if cross cultural differences are not carefully addressed, they can make it impossible for a firm to succeed in the international market. The study therefore revealed that aligning organizational activities to some of the cultural aspects in the foreign market is very paramount in achieving success. The respondents indicated that culture is learnt and passed on from one generation to another. This being the understanding, firms that engage in internationalization can therefore be able to exercise tolerance on cross cultural differences on grounds that they can be able to learn and work in other cultures. Managers who are deployed to new countries should be willing to learn some cultural

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aspects of the foreign markets that will enable them adjust and work perfectly and also gain the confidence of their customers in the new market. The study also revealed that managers working in foreign markets need to understand that cultures are also interrelated. This understanding is important in solving the various cross cultural challenges that firms face in international business.

The study sought to find out from the respondents their advice on cross cultural differences and internationalization of business. The study revealed that the respondents advocate that when a firm is planning to internationalize, there is need to take cultural issues with a lot of weight. The respondents confirmed that cross cultural differences if not carefully addressed, they can cause an organization to fail in the international market. The study therefore revealed that aligning organizational activities to some of the cultural aspects in the foreign market is very paramount in achieving success.

The respondents indicated that culture is learnt and passed on from one generation to another. This being the understanding, firms that engage in internationalization can therefore be able to exercise tolerance on cross cultural differences on grounds that they can be able to learn and work in other cultures. Managers who are deployed to new countries should be willing to learn some cultural aspect of the foreign markets that will enable them to work perfectly and also gain the confidence of the consumers in the new market. It was also revealed that managers working in foreign markets need to understand that cultures are also interrelated. This understanding is important in solving the various cross cultural challenges that firms face in international business.

4.4 Cultural Diversity

The respondents went on to say that the best way to manage a culturally diverse workforce is by incorporating employees' diverse experiences, orientations and perspectives into the way the organization does business. Managers at TKL implement an "inclusion" approach to culture with an aim of changing things for the better. Respondents argued that the best cultural diversity initiatives encompass all employees not just the top management. The respondents further argued that a person's culture strongly influences his or her beliefs about how the world works and how people should interact; behaviors such as gestures of eye, facial expressions among others cannot be ignored in the work place as culture influences a wide range of business activities. The respondents felt that TKL has promoted its leadership with cultural knowledge. This is done by assessing each manager's strengths and weaknesses on cultural issues and reflecting back on their past behaviors in actual intercultural situations. For example, managers have to be taken to different locations to supervise so as to familiarize themselves and understand different cultures.

The organization has a SACCO society called Topees which comprises of all employees who are willing to come together for their welfare. This brings together employees of all levels from senior managers to subordinates. The organization also sponsors Total ECO Challenge that involves the employees and the community at large in conserving the environment by planting trees which is an event that incorporates different cultures.

TKL operates in numerous regions and countries. Respondents were for the opinion that to attract and motivate different employees from around the globe, as well as win and keep customers in a multitude of environments, managers must understand and demonstrate respect for cultural differences. By enabling employees to bring all their unique qualities to work including their differences TKL will stand a greater chance of maintaining an edge over rivals.

The respondents were in agreement that for TKL to succeed in the cultural diverse society, a culture of inclusion must be created through open discussions of cultural backgrounds. In an inclusive environment, managers will demonstrate their belief that good ideas can come from anyone. In a strong culturally diverse workplace, all employees will share their broad range of ideas and feelings more frequently and boldly than they do in culturally homogenous organization.

One respondent noted that the organization is flexible and accommodating. For instance, they have different religions represented there. Like for Muslims are allowed to leave early for lunch so that they can go for prayers at the mosque. This flexibility makes every employee feel recognized and are able to work extra hard since they are motivated.

The researcher established that employees at TKL work with people from other cultures, the respondents affirmed and acknowledged that they enjoy working with people from different cultures. One of them reckoned that working in a cross-cultural environment keeps them on their toes, challenges their way of thinking, helps them to see things in a broad perspective and learn various cultures.

According to the respondents, meetings and training venues changed from one location to another to give people a chance to experience different countries and cultures first-hand. They also have rotational programmes for technical employees who are placed at different locations to adapt to various environments. The respondents were for the opinion that culture can affect business negatively. They revealed that culture can bring controversy and alienation in business. Some of the respondents agreed that culture is a source of controversies that are occasionally experienced among the OMCs operating in

Kenya. It was also clear from the findings of the study that cultural integration is a determinant of the success of the OMCs operating in Kenya. This indicated that the success of the TKL depends on how well they have managed to integrate cultural issues into their operations.

4.5 Communicating Across Cultures

TKL operations are international, that is, they source and sell their products to various countries, employ people from different nationalities and ethnic backgrounds. Its leader status in Europe and Africa gives it a strategic position in the aviation market, guaranteeing its customers a worldwide Air Total network at more than 250 international airports in 75 countries on 5 continents. The researcher identified that routinely managers encounter and communicate with people from various cultures. This poses a risk of communication barrier which can break business relationships thus hurt business performance. The respondents insisted that there is need for managers to sharpen their cultural awareness by taking advantage of resources provided by the organization such as attending trainings that take place in different countries, taking the extra mile and learn the language of the country that one is an expatriate to and reading books and articles on how to communicate across cultures. The respondents insisted that managers have to be sensitive to all cultures and respect diversity of employees and customers so as to achieve the organization's goals.

Some respondents also noted that identifying fellow managers who are knowledgeable and skilled in cross-border communication and making them their mentor may also yield great success. The study also sought to determine whether TKL had a formal language

strategy since language was viewed as a major component of culture. The study found out that the organization did not have a formal language strategy. The study further proceeded to determine the language used in the organization. The study found out that English was used as the main language in the organization to enhance communication between the managers who are from France and the employees as well as between the subsidiary and its France headquarters. Respondents also viewed English as a key language for gaining access to export market. The study also revealed that other languages were used to trade in foreign markets like French. The study was revealed that the language competence of the employees influenced to company's choice of export needs.

One of the French managers said that not speaking the foreign language can lead to the need of a translator and a more time demanding co-operation. On the other hand, to talk the foreign language can be a decisive competitive advantage. Language can also affect the process of building a relationship with the foreign company. It can be difficult to understand jokes and sometimes it is hard to know if people who generally talk loudly and hard are angry or not.

4.6 Cultural Value Dimensions

The researcher found that TKL is more feminine inclined whereby some freedom is allowed as the organization allows employees to work on flexi basis for their personal development. For instance, if one is studying, they are allowed to leave early for their classes. TKL seem to be a weak uncertainty avoidance organization as there is some level of structure, order and predictability and attention is given to employees who value

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community ceremonies and festive. Research found that the organization is a high power distant since there is a set of hierarchical decision making systems and employees regard their senior in awe.

4.7 Cultural Challenges Faced by Total Kenya Limited

It was established from the study that there are a number of areas in business that can be influenced by culture hence the need for TKL to ensure that utmost care is exercised when carrying out activities in the host countries where its subsidiaries operate. One of these areas is that of advertising. There are very distinct differences even in the meaning and use of language between Kenya and other countries especially Kiswahili language. Some phrases and words used in Kenya to mean one thing may refer to something totally different in Tanzania or Rwanda. TKL therefore ensures that challenges are addressed before any advertisement is brought to the public domain. This type of approach has assisted the organization to develop advertisements that do not conflict with the culture of the host country. It was also revealed that the other business aspect that is influenced by culture is communication. The social ethics in Kenya and other countries within the region have significant differences. The study confirmed that whereas the Kenyan culture may not encourage use of very polite language even in business transactions, it is paramount in some countries to use very polite language even when buying something. This is very important because it dictates the level of success a company is likely to achieve. TKL had to educate its employees on how to appropriately communicate in line with the culture of the host countries. This also impacted on the business ethics that the TKL had to develop in the host countries.

The mode of carrying out business activities is also affected by culture. People prefer things to be done their way especially customers as they are aware that customer is always right. It was therefore important for the organization to learn the culture of the people in the international markets before devising appropriate ways of conducting business activities. The study sought to determine the various cultural challenges that Total Kenya Limited is facing. Some of the cultural challenges cited were organizational systems and procedures and attitude towards change. The study also revealed that another cultural challenge faced was that of income distribution in the organization that was not balanced. The study also revealed that a rise in the middle class had a direct effect on the market requirements, this has forced TKL to change with the demographic trends to satisfy the various social classes. For example, they had to produce smaller packages of LPG (baby meko) to suit the lower class people and also came up with Total Sola lanterns to reach the lower class people. TKL has introduced solar lanterns in its business portfolio under the banner Beba Stima Bila Bills aimed at addressing lighting needs for Kenyans who do not have access to electricity, have low incomes and have unreliable electricity supply.

The study also found out that human resources practice in the firm adapted to the Kenyan cultural needs considering the parent company is in Paris. Thus human resource related decisions and policy formulation were influenced by the Kenyan culture.

4.7.1 TKL Success in addressing Cultural Differences

It was evident from the findings that TKL has been very successful in the management of cross cultural differences in the international market. The most important tool that enabled the organization to overcome the cultural barriers is by training of its employees

and the rotation programmes to various locations. TKL trains its employees especially those from other countries who have been deployed in Kenya and those being sent out of the country. The purpose of the training is to provide more information on the cultural practices and the approaches to be used by the organization to be accommodating to other cultures. The study revealed that with a careful approach, TKL is able to tolerate the sharp cultural differences that exist within the organization thus making it possible to conduct a successful entry into the international market. The respondents also confirmed that there is a very clear indication that TKL has been able to overcome cultural challenges.

Employment of locals has enabled the organization to overcome some of the cross cultural challenges since locals understand their culture well and are able to carry out several functions and activities in a manner that cannot harm the reputation of the organization. Cultural advantages can arise from different values and ways of seeing the world. To realize competitive advantage from them, it is first necessary to try to understand them.

The study went further to establish the respondents' suggestions that would help firms to minimize cultural challenges. The respondents cited development appropriate strategies and undertaking environment scanning and forecasting.

4.8 Discussion of Findings

The study revealed that cultural integration at TKL has played a major role to the success of the organization. This is in line with the position held by Morrison, Conaway, and Borden (1994) who assert that with the tremendous increase in global trade, learning

more about doing international business has become especially significant. It is vital to learn about the different cultures around the world before doing business in other countries in order to reduce the risk of failure. It was also evident from the study that culture dictates how companies relate with the society. This findings support the earlier position held by Ricks (2011) who asserts that though they may seem inconsequential when contemplating specific cultural factors that will have an impact on business relationships, holidays are actually quite important as they vary considerably from one society to another and reflect what the society values most.

The researcher found that most of the respondents had difficulties in defining the concept culture. Culture can be defined differently and even understood at different levels (Trompenaars, 1993). The respondents' mainly defined culture as a combination of traditions, taboos, values and attitudes of the people in the society, this definition is in line with Hofstede (1994) who argued that culture is values and beliefs that a person learns mainly from childhood. The study also reveals that employees at TKL have communalization tendency as they have formed welfare groups which pools resources together to aid a colleague in case of bereavement or any other genuine need. This communal oriented culture was also observed by Blunt and Jones (1986) who observed that employees may depend on organization as a large community for emotional support. Disparity was observed on Hoftstede's (1980) findings which found that managers in communal society prefer hiring employees by giving first preference to relatives and known families by workers. The study showed that managers are on opinion that academic or career excellence goes above nepotism, thus a great disparity with the study. On performance appraisal Kanungo (1995) observed that there is great resistance in evaluating and discussing individual performance in a communal society like Kenya.

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CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter represents the summary of the finding from chapter four, conclusions and recommendations of the study based on the objectives of the study. It also points out the limitations of the study and concludes with the suggestions for further studies.

5.2 Summary of the findings

Culture strongly influences people's beliefs about how the world works and how people should interact, also values which is perceived as what people consider most important such as family or personal life, religion and career which influences their performance in workplace and in turn affect the performance of the organization.

Behaviour is the language of international business. People put much great emphasis on a hand shake, friendship and even facial expressions matter a lot and one need to incorporate culture that is open and tolerant of different cultures. Also, an organization can reap the benefits promised by a cultural diverse workforce through fostering an inclusive environment where managers welcome the differences that distinguish their employees. In conclusion culture influences a wide range of business activities and how to build a business relationship through communication, deliver presentations and even set business priorities.

The study revealed that cultural diversity in organization influences management style. The researcher established that the following activities influence culture in the foreign or home country, recruitment of employees, organization learning, training and development

of employees, creation of internal social networks, the financial acquisitions decisions and products advertisement. The study further identified that TKL largely encourages socialization between different levels of authority. It was clear that culture in the organization influences management and performance of the organization.

Risk avoidance at TKL was evident from the findings of the study. The study revealed that quality of products, services offered by the organization, Pricing of their products product and on and service delivery have an impact on the organizations operations. The study established that the following factors influence management in an organization to a large extent: willingness of the firms to invest in new technologies, applying an aggressive marketing strategy so as to compete with other OMCs, purchasing customized software internationally, design corporate culture, risk management, increased investment and enhanced financial reward.

The study determined that supervisors and managers follow the guidelines that they set for the rest of the organization, it is easy to reach consensus even on difficult issues, and people from different organizational units still share a common perspective. There is good alignment of goals across levels of this organization.

The study established that failure is viewed as an opportunity for learning and improvement. Customers' comments and recommendations often lead to changes in this organization. TKL encourages and rewards those who take risk and come up with innovative ideas.

5.3 Conclusions

The study concludes that culture in the foreign or home country influences recruitment of employees, organizational learning, training and development of employees, creation of internal social networks, products advertisements and the organization's public relations. Some of the aspects that are largely influenced by culture include the mode of communication adopted by the organization; the negotiation tactics; the type of products availed to the market and the way to promote and advertise their products; the interpersonal and societal relationships; the dress code; the acceptable working hours that are adopted as well as the ultimate success of the organizations.

The study also concludes that culture greatly encourages interaction between different levels of authority at TKL. The researcher also identified that culture in the organization influences management and performance of the organization.

In addition, the study concludes that TKL had adapted to the Kenyan environment in areas such human resource policies and practices as well as language to cope with cultural challenges within the Kenyan concepts thus influencing the organization's management practices.

5.4 Recommendations

The study reveals that cultural integration is significant in the success of TKL international operations. It will be important for the organization to embrace cultural diversity in order to achieve their desired level of success.

The researcher recommends the following to TKL in order to exploit the benefits that cultural diversity brings. There is need for the management at TKL to enhance their employee involvement through incorporating employees' views and opinion in the management of the organization as this will positively affect organizational management and organization culture.

The study recommends that there is need for management to incorporate their customer feedback in order to enhance consistency within the organization as this will positively influence organization culture. They should also ensure employees understand the organizational goals, and then discuss how each person can contribute to the achievement of those objectives regardless of their cultural diversity. The human resource department needs to stretch beyond usual recruiting tactics in order to find diverse and qualified candidates - they should consider using international headhunters through which people from different cultural groups are recruited. Also the organization should customize performance appraisals and developmental goals to suit each employee's unique circumstances for example during performance appraisal meeting on employee can be invited to sign up for an internal training course that helps new managers to strengthen leadership skills.

Establishment of cultural mentors who can provide cultural diverse employees with counseling, coaching and development, support as they go up the ladder of their careers. Finally the organization should continue developing retention strategies whereby employee with diverse cultural diversity are given flexible schedule to meet their unique cultural needs, for example, attend funeral for their close relatives, attend certain community events and cultural activities or religious ceremonies.

5.5 Limitations of the Study

This study was not without limitations. The study was based on a case study of TKL and some findings could not be leveraged to other OMCs to establish their differences as each OMC is unique and may adopt different elements of culture. Also, culture being a broad aspect, made it hard for some respondents to answer some interview questions and even treat culture as a mere ethnic diversity.

In probing the respondents, the researcher may have left out certain variables that could have highlighted the dimensions of culture in a more exhaustive manner. The study also gives only the cultural perspective of operations at TKL. Time was also a constraint as the researcher had to collect data from senior managers through in depth interviews which took time since the respondents were busy and did not have sufficient time to finish the interview in one sitting. This disrupted the logical flow of data and ease of data analysis. The content analysis method was used to analyze the qualitative data collected making it impossible to leverage results to other similar organizations. The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on culture at TKL.

5.6 Suggestions for Further Research

This study only focused on Total Kenya Limited. It will be important to carry out a research of other the multinational organizations operating in Kenya in order to come up with conclusive findings that can be used to generalize on all multinational corporations

in Kenya. The study recommends that further research should be done on other OMCs in Kenya, so as to get comprehensive information on how culture influences international operations. A further study should be carried out to assess the challenges faced during the implementation of workplace diversity management at TKL.

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www.total.co.ke

APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAMME

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex: 22095 Varsity	P.O. Box 30197 Nairobi, Kenya

DATE: 20/7/15

TO WHOM IT MAY CONCERN

The bearer of this letter ... JACINTA MURUGI KIBICHO

Registration No... D61/64084/2013

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS
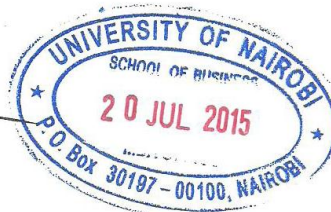
APPENDIX II: INTERVIEW GUIDE

SECTION A: Background information of Respondent

a) Name of Department……………………………………………………..

b) Nationality……………………………………………………………..

c) Position ……………………………………………………………………

d) Length of service……………………………………………………..

SECTION B: Influence of Culture on International Operations

a) Do you believe that culture is one of the main issues that affect international business?

b) What is the importance of culture in your organization?

c) How does culture play a significant role in influencing international operations?

d) How has culture impacted your organization's international business?

e) How can culture affect business negatively?

SECTION C: Cultural Diversity

a) How has your organization participated in cultural diversity?

b) In your opinion, how does working with people from different culture pose challenges? Can you describe the challenges?

c) Why do differences in culture cause misunderstandings at work?

d) What is your advice on cultural differences at your organization as far as international business is concerned?

SECTION D: Communication across Cultures

a) How can language affect the negotiation process with a foreign company? What are the main issues to have in consideration?

b) Do you believe that it is important to educate the employees about culture before sending them to foreign countries?

c) How can knowledge of different cultures and communication skills be useful to operations at your organization?

d) How are managers in this organization trained on communication and management of cultural diverse employees?

SECTION E: Challenges

a) What cultural challenges influence decision making in your organization?

b) How does your organization respond to the cultural challenges identified above?

c) What suggestions would you give that would help other Multinational Corporations to minimize cultural challenges?

THANK YOU FOR YOUR CO-OPERATION

APPENDIX III: LIST OF OIL COMPANIES IN KENYA

Company	Market Share %
TOTAL KENYA	20.2
VIVO	17.9
KENOLKOBIL	12.5
LIBYAOIL	6.2
GULF	5.5
HASHI	5.5
NOCK	4.8
GAPCO	3.3
ENGEN	2.6
PETRO	2.6
FOSSIL	2.6
GALANA	1.8
HASS	1.3
BAKRI	1.0
REGNOL	1.0
MGS	0.9
ESSAR	0.8
ROYAL	0.7
BANODA	0.6
TOWBA	0.6
EAGOL	0.6
TOSHA	0.6
DALBIT	0.6
TROJAN	0.6
RIVAPET	0.5
RH DEVANI	0.5
AFRI-OIL	0.5
AINUSHAMSI	0.4
ORYX ENERGIES	0.4
AL-LEYL	0.4
FUTURES	0.4
OLYMPIC	0.4
Others	1.6
Total	**100.0**

Source: Petroleum Insight, April-June 2015