

**MANAGING ACROSS CULTURES PRACTICES AMONG FAST-
MOVING CONSUMER GOODS MULTINATIONALS IN KENYA:
THE CASE OF PROCTER & GAMBLE**

BY: RATEGO CARYDON VIDAHA

REG. NO: D61/68048/2013

SUPERVISOR: DR. MARY KINOTI

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

OCTOBER 2015

DECLARATION

This project is my original work and has not been presented for an award in any other university.

Signature Date

RATEGO CARYDON VIDAHA

Reg. No: D61/68048/2013

SUPERVISOR APPROVAL

This research project has been submitted with my approval as university supervisor.

Sign.....Date.....

Dr.Mary Kinoti

Senior Lecturer, Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This project is dedicated to my fiancée and husband to be who encouraged me to begin the Master program and supported me both morally and financially throughout my period of study to attain a Master in Business Administration.

ACKNOWLEDGEMENTS

First and foremost, I thank the Almighty God, for granting me the strength, health and courage to complete this arduous task.

I extend my gratitude and appreciation to my Project supervisor Dr. Mary Kinoti for walking with me through the preparation of this paper as well as the University of Nairobi School Of Business for facilitating my coursework and the writing of this paper.

To my classmates without whose interest and co-operation I could not have produced this study. I wish to thank them for supporting this initiative and affording me their time and sharing their experiences.

Finally I appreciate my friends, my mother and three brothers for the support they have given me throughout the writing of this project, whether morally or financially, or through advice and recommendations.

ABSTRACT

The business environment is going through rapid transformation in this age of globalization. The number of companies with international operations is increasing since the world is opening up to foreign firms. Because of these developments, contemporary firms that operate in the international market have greater challenges than before. This means that when a firm plans to internationalize, it must be ready to tackle a number of obstacles such as culture that are predominant in the international environment for it to achieve success in a foreign market. The aim of this study was to determine cross culture management practices adopted by Procter & Gamble in Kenya. The study employed a case study research design since it was focusing on Procter & Gamble multinational company. The case study was considered appropriate since it enabled the researcher to conduct an in depth investigation on the matter Data was collected from the Procter & Gamble management level staff. The main instrument for data collection was the interview guide that allowed for uniformity of responses to questions. The interview guide was preferred over other methods of collecting data because of their capability to extract information from the respondents as well as giving the researcher a better understanding and more insightful interpretation of the results from the study. Procter & Gamble has expanded its operations to a number of markets within the Asia, Latin America, North America, Central, Eastern and Western Europe, and Africa. This expansion is in line with the company's vision of becoming the preferred producer and distributor of household and personal care products. Further the study found that culture had a very significant influence in the expansion of Procter & Gamble international business. It reveals that culture is a very strong asset in market development in new markets that the multinational ventures into. The study also concluded that culture had a very significant influence in the expansion of Procter & Gamble international business. The main reason for this stems from the fact that culture is actually the foundation of most of the decisions that the multinational makes. The study recommended that it is important for firms expanding into the international market to give cross cultural issues the attention they deserve if they aim to propel business to higher levels of success.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1. Culture management	3
1.1.2. Across Culture Management Practice	5
1.1.3 Multinational Corporations in Kenya	7
1.1.4. Procter & Gamble multinational	8
1.2 Research Problem	9
1.3. Research Objectives.....	10
1.4 Value of the study	10
CHAPTER TWO : LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Foundation	13
2.2.1 Social Identity Theory.....	13
2.2.2 The Resource-Based View	14
2.2.3 The Theory of Internationalization	15
2.3 Managing Across Culture Practices among Multinational Firms.....	16
2.3.1. Recruitment and selection	16
2.3.2. Compensation and benefits	17

2.3.3. Performance appraisal	18
2.3.4. Training and development	19
2.4. Multinationals as Inter-Cultural Agents	20
CHAPTER THREE: RESEARCH METHODOLOGY	23
3.1 Introduction.....	23
3.2 Research Design	23
3.3. Data Collection Instrument and Procedures	23
3.4. Data Analysis.....	24
CHAPTER FOUR: DATA ANALYSIS, FINDINGS, INTERPRETATION AND	
DISCUSSION OF RESULTS.....	25
4.1. History of Procter & Gamble.....	25
4.2. International markets served by Procter & Gamble	25
4.3. Cultural issues faced by Procter & Gamble.....	26
4.3.1. Style of management.....	27
4.3.2. Language barrier	27
4.3.3. Hostile Citizens	27
4.4. Managing across culture practices adopted by Procter & Gamble.....	28
4.4.1. Language advertising strategy	29
4.4.2. Communication Strategy.....	29
4.4.3. Management knowledge of the culture	30
4.4.4. Training employees	30
4.5. Discussion of finding	31

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

..... **35**

5.1 Introduction..... 35

5.2. Summary of the findings 35

5.3. Conclusion 37

5.4 Recommendations for policy and practice.....39

5.5 Limitation of the study..... 39

5.6 Suggestions for further Research.....40

REFERENCES 411

APPENDIX I: INTERVIEW GUIDE..... 47

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today, multinational corporations (MNCs) are increasingly conducting their business globally, which has increased in scope due to the increasing complexity as the companies operate across national, cultural and social boundaries. The greatest challenge facing the corporations is to acknowledge the cultural differences in every host country and to manage the business cohesively in order to achieve corporate objectives and enhance MNC performance. Current literature indicates that culture is an important determinant of organizational performance in host countries. This is because for success of business operations, MNCs have to understand the prevailing culture (power distance) in each of the host countries they operate in (Hofstede,1983; Blunt and Jones, 1986; Kuada, 1994; Newman and Nollen, 1996). According to Hofstede (1984), culture varies from one country to another resulting in MNC performance variations hence, the need to understand its effect on host countries.

The study will be informed by the following theories which include The Stages Approach Theory, Social Identity Theory and The Resource-Based theory. Social Identity theory calculates certain intergroup behavior on the root of professed status, credibility, legitimacy and permeability. The term social identity used to explain human social selves in contrast with this theory. The interpersonal behavior will be largely influenced by the intergroup behavior (Tajfel and Turner, 1979). The major assumption of this theory is that the individuals will have the tendency to achieve and maintain a positive self-distinctiveness, which will be highly motivated by the membership in a

group. Individuals of varying interpersonal behavior will be defined by their social identities. So the individuals in a group will have a tendency to achieve and maintain a social identity.

Stage theory is based on the idea that elements in systems move through a pattern of distinct stages over time and that these stages can be described based on their distinguishing characteristics (Czinkota and Johnston, 1991). Specifically, stages in cognitive development have a constant order of succession, later stages integrate the achievements of earlier stages, and each is characterized by a particular type of structure of mental processes which is specific to it. The time of appearance may vary to a certain extent depending upon environmental conditions. The resource based theory provides a state of-the-art review of the substantive work through a proposed organizing framework, focusing on multinational management, strategic alliances, market entries, international entrepreneurship, and emerging markets strategies (Peng, 2001).

Multinational corporations have existed since the beginning of overseas trade. They have remained a part of the business scene throughout history, entering their modern form in the 17th and 18th centuries. In more recent times, multinational corporations have grown in power and visibility, but have come to be viewed more ambivalently by both governments and consumers worldwide (Newman and Nollen, 1996). Indeed, multinationals today are viewed with increased suspicion given their perceived lack of concern for the economic well-being of particular geographic regions and the public impression that multinationals are gaining power in relation to national government

agencies, international trade federations and organizations, and local, national, and international labor organizations.

Despite such concerns, multinational corporations appear poised to expand their power and influence as barriers to international trade continue to be removed. Furthermore, the actual nature and methods of multinationals are in large measure misunderstood by the public, and their long-term influence is likely to be less sinister than imagined (Blunt and Jones, 1986). Multinational corporations share many common traits, including the methods they use to penetrate new markets, the manner in which their overseas subsidiaries are tied to their headquarters operations, and their interaction with national governmental agencies and national and international labor organizations. The current study will mostly focus on multinational firms and their management across culture practices.

1.1.1. Culture management

According to Hofstede, (1980), culture Management in multinational organizations is the function that coordinates the cultures of various people to accomplish goals and objectives by using available resources efficiently and effectively. Also Culture management can be referred to as identifying the mission, objective, procedures, rules and manipulation of the human cultures of an enterprise to contribute to the success of the enterprise (Ayca 2005). Culture Management is the process of reaching organizational goals by working with and through various people culture and other organizational resources (Kale and McLyntyre, 1991). Culture can be an antecedent, a

moderator or a mediator, and a consequence, and its effects may be domain-specific and are subjected to boundary conditions. Much research on culture and international business tends to focus on main effects of culture.

The implication of these definitions is that culture management is a collective social phenomenon (Milliken and Martins, 1989). For instance culture management communicates organizational work culture through practices of recruitment, staff appraisals, remuneration and flexible work arrangements. All these practices are aspects of social interactions. Organizational culture can, therefore, be created, rather than just inherited by employees. Once in existence, it subtly influences perception, thought, action, and feeling of the employees in ways that are consistent with their cultural reality. It guides the selection, interpretation, and communication of information in ways that are meaningful to the employees. To understand organizational culture, one must understand the basic assumptions of the employees, namely, their national cultural values and beliefs. Culture is not a characteristic of individuals; it encompasses a number of people who were conditioned by the same education and life experience.

Extant literature (Gelfand, 2000) reckons that managers in organizations are recognizing that it is impossible to maintain parochial views while doing business across cultures. Cultural knowledge and a global focus are crucial to survive, and to thrive, within today's business environment. However, the same literature does not give a global focus that is commensurate with the global reality of business. Discussion and empirical assessment of culture and human resource management practices (Ayca, et al, 2000) has been focused on specific developed countries and developing countries have been

given little attention (Nyambegera et al, 2000). Cultural dimensions of collectivism/individualism, power distance, uncertainty avoidance, and femininity/masculinity will be applied.

In effectively managing its global operations, a multinational corporation has a degree of choice in the type of control relationship it has with each individual overseas subsidiary. Because no organization in the real world is actually a pure “ideal type”, all organizations employ a mixture of both cultural and bureaucratic control mechanisms (Gelfand, 2000). Those organizations that are classified as having cultural control have a more pervasive organizational culture and rely more heavily on this culture for control than do their bureaucratic control counterpart.

As an overseas subsidiary is usually quite distant from the headquarters, the interactions between organizational culture units occur via a relatively limited and definable set of channels. Furthermore, an overseas subsidiary is usually created by the headquarters, giving the headquarters great influence on how it will ultimately be managed (Nyambegera et al, 2000). Thus particularly in the case of the headquarters-subsidiary relationship, the headquarters of a multinational firm can exercise a choice in the control system employed and the extent of delegation, in regard to cultural differences of the subsidiary firm.

1.1.2. Across Culture Management Practice

Management is the core function of any organization. Management is responsible for wellbeing of the company and its stakeholders, such as the investors and employees.

Therefore, the management should be a skilled, experienced, and motivated set of individuals, who will do whatever necessary for the best interest of the company and stakeholders. Best practices are usually outcomes of knowledge management. Best practices are the reusable practices of the organization that have been successful in respective functions. There are two types of best management practices in an organization: Internal best practices - Internal best practices are originated by the internal knowledge management efforts. External (industry) best practices - External best practices are acquired to the company by hiring the skilled, educated and experienced staff and through external trainings. When it comes to management best practices, there are plenty (Aycan 2005). They can be further subdivided into different sub-domains within management, such as Communication-Management is all about communicating to the staff and the clients. Effective communication is a must when it comes to successful management. The management should have a set of best practices defined for clear and effective communication from/to the staff and the clients.

Leading by Example- Respect is something you should earn in a corporate environment. Leading by examples is the best way of doing this. Define and adhere to leadership by example best practices and also make sure your subordinates do the same. Setting and Demanding Realistic Goals- Realistic goals can boost the corporate morale. Most of the times, organizations fail due to unrealistic, unachievable goals and objectives. There are many best practices on how to set goals and objectives, such as SWAT analysis. Since the goals are the driving factor behind your organization, you need to make use of every possible best practice for goal setting. Open Management Style-When your management style is open and transparent, others respect you more. In addition, information directly

flows from the problem areas to you. Always try to follow the open door policies that do not restrict your subordinates coming to you directly (Budhwar & Khatri, 2001). Strategic Planning-This is the most important best practice area when it comes to long-term benefits for the company. Usually, experienced people in management, such as Jack Welch, have their own, successful best practices for strategic corporate planning.

1.1.3 Multinational Corporations in Kenya

Multinational Corporation is a corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices and /or factories in different countries and usually have a centralized head office where they coordinate global management. Nearly all major multinational are either American, Japanese, or western European, such as Nike, Coca-cola, Wal-Mart, AOL, Toshiba, Honda and BMW. Advocates of multinationals say they create jobs, wealth and improve technology in countries that are in need of such development. On the other hand, critics say multinationals can have undue political influence over governments, can exploit developing nations as well as create job losses in their own home countries (Caves, 1982).

There are many companies with their origins in Kenya. Safaricom, a mobile network operator, is the largest company by market value and has revenues of around US\$ 1billion (2009). Among many multinational affiliates operating in Kenya are; Barclays Bank, British American Tobacco (BAT), Standard Chartered Bank, Unilever, Toyota Tsusho East Africa, Mitsubishi Corporation, Citi Bank NA, BAT (k) Ltd, Coca-Cola

Africa and General Motors (K) Ltd. There are a total of 40 major multinational corporations/enterprises operating in Kenya, spanning all sectors of the economy (Oloko and Ogutu, 2012).

1.1.4. Procter & Gamble multinational

The Procter and Gamble Company is a Fortune 500 American multinational corporation headquartered in Downtown Cincinnati, Ohio, which manufactures a wide range of consumer goods. As of mid-2010, P&G is the 6th most profitable corporation in the world, and the 5th largest corporation in the United States by market capitalization, surpassed only by Apple, Exxon Mobil, Microsoft, and Wal-Mart. It is 6th in Fortune's Most Admired Companies 2010 list. P&G is credited with many business innovations including brand management and the soap opera. The Procter and Gamble Company is the world's largest consumer goods company that markets more than 300 brands of products to consumers in more than 180 countries worldwide. It is founded in 1837 with 135,000 employees as of December 31st 2009.

The Company's customers include mass merchandisers, grocery stores, membership club stores, drug stores and high frequency stores. Sales to Wal-Mart Stores, Inc. and its affiliates represent approximately 15% of its total revenue during fiscal 2009. No other customer represents more than 10% of its net sales. The Procter & Gamble Company's top 10 customers account for approximately 30% of its total unit volume during fiscal 2009. In fiscal year 2009, North America accounted for 43% of total sales, Western Europe 21%, Northeast Asia 4%, and developing markets 32%. For that year, organic sales increased 2%, core earnings per share increased 8%, diluted net earnings per share

increased 17% and the company raised its dividend 10%. For the first six months of FY 2010, sales are about equal to the same time period a year ago and net earnings are up 4%. P&G's organizational structure is comprised of three Global Business Units (GBUs), Global Operations, Global Business Services (GBS) and Corporate Functions (CF)

1.2 Research Problem

In effectively managing its global operations, a multinational corporation has a degree of choice in the type of control relationship it has with each individual overseas subsidiary. Because no organization in the real world is actually a pure "ideal type", all organizations employ a mixture of both cultural and bureaucratic control mechanisms (Hofstede, 1983). Those organizations that are classified as having cultural control have a more pervasive organizational culture and rely more heavily on this culture for control than do their bureaucratic control counterpart. As an overseas subsidiary is usually quite distant from the headquarters, the interactions between organizational culture units occur via a relatively limited and definable set of channels (Caves, 1982). Furthermore, an overseas subsidiary is usually created by the headquarters, giving the headquarters great influence on how it will ultimately be managed. Thus particularly in the case of the headquarters-subsidiary relationship, the headquarters of a multinational firm can exercise a choice in the control system employed and the extent of delegation, in regard to cultural differences of the subsidiary firm.

Several studies have been carried out on multinational corporations operating in Kenya. Mutiso (2012) undertook a study on multinational enterprises and host nations: contribution

by coca-cola to Kenya's economy. Muthoka (2008) undertook a study, a survey of strategy-structure relationship in multinational banks operating in Kenya. Gichuki (2012) carried out a study on the effect of multinational Chinese firms in competition with the local firms in Kenya. Ogutu and Nyatichi (2012) undertook a study on competitive strategies adopted by multinational banks in Kenya. Mutambah (2012) undertook a study on entry strategies adopted by multinational manufacturing companies in Kenya. There is no single study which has been undertaken on the managing across culture practices among multinational firms in Kenya. This study therefore is meant to establish the managing across culture practices among multinational firms in Kenya

1.3. Research Objectives

To determine across culture management practices adopted by Procter & Gamble in Kenya

1.4 Value of the study

This research provides a detailed and comprehensive treatment of the concepts, policies and practices of managing resources especially human resources in various socio-economic, political and cultural contexts. It provides better insight and understanding of the theory and practice of different national approaches to management, moving from conceptual analysis to the discussion of policies and practices. It will seek seeks to develop a broad understanding of the determining characteristics of national management approaches and will distinguish between different approaches to MNC's management in Kenya whilst learning from examples of 'good and bad' practice of management in different national cultural settings. At the same time, recognizing the

importance of cultural influences on management practices. This study will look into the ways by which national cultural differences influence employment policies and practices of different countries and the ways by which international organizations have responded to them in a world that is determined by a globalizing power of business on the one hand and a localizing power of culture and politics on the other.

The rationale for its content and structure has been influenced by the growing interest in comparative research. The understanding of how management is practiced in particular contexts can provide the opportunity to establish differences and similarities between particular countries and societies, and to assess the reasons for their occurrences. In order to understand the insights of managing across cultures it is important to have the knowledge and skills of managing indifferent national contexts in which the behavior of organizations and people is determined to a great extent by cultural and economic factors.

The study aims to give insights of the Kenyan context, make comparisons between different MNC's management practices thus providing knowledge and skills of managing in different national contexts. Many companies are merging or forming strategic alliances with companies from other countries, involving negotiations and partnerships, and then having to work with managers and workers from different cultures and backgrounds. Managing across cultures is not confined to what multinational companies (MNCs) or profitable organizations do. It affects every organization that operates internationally, regardless of its size, nature or location. Therefore the need of this study is not just for those who want to work for multinational

companies but for everyone who may become involved in managing resources in different countries and societies.

CHAPTER TWO : LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature relevant to the topic of the study. The theoretical foundation of the study is described as well as managing across culture practices.

2.2 Theoretical Foundation

This research will be guided by the following theories which include the Social Identity Theory, the Resource-Based theory and the theory of internationalization.

2.2.1 Social Identity Theory

The proponent of this theory was John Turner. Social Identity Theory holds that there are three cognitive processes relevant to a persons being part of an in-group, or of an out-group. Social identity theory has commonly been examined in relation to membership in social groups and national cultures. However the global environment creates a new collective and impersonal entity that affects people's identity. Global identity means that people develop a sense of belongings to a worldwide culture, by adopting practices, styles, and information that are part of the global culture (Arnett, 2002). However in parallel, people continue to hold their local identity as well, based on their socialization to their local culture. Top-down processes from the global culture to the individual level may lead to changes in the self as cultural values are represented in the self and social identities. Self-identity differentiates one person from another, whereas social identity is based on the groups in which one participates (Tajfel and

Turner, 1979). This theory is relevant to the current as it helps the researcher to identify the various people cultures and how to integrate them in the activities of the business organization.

2.2.2 The Resource-Based View

The proponents of resource based theory were Wernerfelt, B.Prahalad and Hamel Barney, J. According to RBV proponents, the theory argues that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. The resource-based view (RBV) of a firm has become an influential theoretical perspective in recent international business (IB) research. The theory provides a state of-the-art review of the substantive work through a proposed organizing framework, focusing on multinational management, strategic alliances, market entries, international entrepreneurship, and emerging markets strategies. It has also been observed that a key insight in traditional international business is that MNCs face a substantial “liability of foreignness”, which leads to nontrivial costs. To overcome such a liability RBV extends these perspectives by specifying the nature of these resources and capabilities, such as administrative heritage, organizational practices and bargaining power (Peng, 2001). Hofstede (1994) increased the influence of the minority. But culture was still thought of as “out there” and thus of little point occurred when culture started to be conceived of as “inside” the person. This view argued that the psychological processes have a cultural component and influences a firm’s business operations. Hofstede (2001) observed that cultural diversity in resource-based view of a firm among countries persists to influence business outcomes. New

technologies might even intensify the cultural differences between and within countries. Ethnic groups around the world observe the lifestyles and cultural values of other countries, and some are interested adopting part of the lifestyle and values, but others reject it completely. This theory is relevant to the study in that it determines what resources and capabilities, such as administrative heritage, organizational practices and bargaining power will be applied to a particular cultural practice.

2.2.3 The Theory of Internationalization

The proponents of Internalization theory were Stephen Hymer and John McManus. Internalization theory focuses on imperfections in intermediate product markets. Two main kinds of intermediate product are distinguished: knowledge flows linking research and development (R&D) to production, and flows of components and raw materials from an upstream production facility to a downstream one. Most applications of the theory focus on knowledge flow. Proprietary knowledge is easier to appropriate when intellectual property rights such as patents and trademarks are weak. Even with strong protections firms protect their knowledge through secrecy. Instead of licensing their knowledge to independent local producers, firms exploit it themselves in their own production facilities (Peng, 2001). In effect, they internalize the market in knowledge within the firm. The theory claims the internalization leads to larger, more multinational enterprises, because knowledge is a public good. Development of a new technology is concentrated within the firm and the knowledge then transferred to other facilities. Prior to internalization theory, the study of international business has largely focused on the environment and in particular the economic, financial, political and cultural dimensions

of doing business abroad (Budhwar & Khatri, 2001). Internalization theory provides a theory of the international firm and thus augments the international business field by demonstrating the interaction between the external environmental and the internal knowledge flows between MNE parent firm and subsidiaries. This interaction between external country-specific advantages (CSAs) and internal MNE firm-specific advantages (FSAs) is the nexus for strategic managerial international business decisions. This theory is relevant to the study as it claims the internalization leads to larger, more multinational enterprises, because knowledge is a public good. Development of a new technology is concentrated within the firm and the knowledge then transferred to other facilities.

2.3 Managing Across Culture Practices among Multinational Firms

2.3.1. Recruitment and selection

Existing research has shown recruitment, selection and retention practices to be culture bound. First, the underlying selection criteria have been found to differ across cultures. Based on a review of extant literature, Aycan (2005) suggests that recruitment and selection in cultures high on performance orientation or universalism are based on hard criteria such as job-related knowledge and technical skills whereas cultures that are low on performance orientation, oriented towards ascribed status or particularistic tend to favour soft criteria such as relational skills or social class affiliation. Second, there is also evidence that the recruitment and selection strategy differs across cultures. For example, collectivist cultures seem to prefer the use of internal labour markets in order to promote loyalty to the firm (Budhwar & Khatri, 2001). In collectivist societies it is

often also difficult for externally recruited candidates to enter the strong social networks within the organization and cope with resistance following their appointment, especially in cases where an internal candidate has been supported (Björkman & Lu, 1999). Third, selection methods are likely to be culture-bound. Evidence suggests that cultures high on uncertainty avoidance tend to use more types of selection tests, use them more extensively, conduct more interviews and monitor their processes in more detail, thus suggesting a greater desire to collect objective data for making selection decisions (Ryan, McFarland, Baron, & Page, 1999). Cultures high on performance orientation or universalism will also employ more standardized and job-specific selection methods (Aycan, 2005). Finally, practices concerning the retention of staff in short-term oriented cultures tend to focus on transactional employment relationships and be more responsive in nature. In contrast, retention practices in long-term oriented cultures entail a more preventive character and center on relational employment needs (Reiche, 2008).

2.3.2. Compensation and benefits

Compensation refers to the act or state of compensating, as by rewarding someone for service or by making up for someone's loss, damage, or injury by giving the injured party an appropriate benefit. Evidence suggests that compensation and benefit schemes need to be tailored to different cultural settings. A key dimension refers to the basis upon which employees are compensated. Specifically, the literature differentiates between job-based and skill- or person based pay systems (Lawler, 1994). In this vein, performance-oriented or universalistic cultures are likely to devise compensation systems that are based on formal, objective and systematic assessments of the relative

value of a job within the organization. In contrast, in high power distance or particularistic cultures pay systems will be influenced by subjective decisions from top management and will focus on the person rather than the job itself (Aycan, 2005). There is also evidence for cultural variation concerning the accepted level of performance-based rewards. For example, high power distance and fatalistic cultures tend to have lower performance-reward contingencies (Aycan et al., 2000). In addition, Schuler and Rogovsky (1998) showed that high uncertainty-avoidance cultures prefer seniority- and skill-based reward systems given their inherent predictability whereas low uncertainty-avoidance cultures place a stronger focus on individual performance-based pay. Similarly, they found that employee share options and stock ownership plans are more widespread in low power-distance cultures.

2.3.3. Performance appraisal

The process of evaluating employee performance usually comprises three distinct stages: preparation for the appraisal process, which concerns the performance criteria and goals to be assessed, the appraisal method or process, as well as the content of the performance evaluation (Milliman et al., 1998). Concerning the preparation stage, evidence suggests that individualistic societies tend to emphasize personal achievement in the appraisal whereas collectivist cultures highlight group-based achievement (Miller, Hom, & Gomez-Mejia, 2001). In a study on performance appraisal in Hungary, Kovach (1995) showed that fatalistic cultures, in which individuals perceive work outcomes to be beyond their influence, tend to accept performance below expectations as long as the focal individual displays effort and willingness.

Furthermore, low power-distance and universalistic cultures are also more likely to stress task related competencies and outcomes (Aycan, 2005). There is support for the notion that culture also has a bearing on the process of conducting performance appraisal. For example, evidence suggests that feedback quality and relational quality between supervisor and subordinate tend to be higher for matched collectivist-collective and individualist-individual dyadic relationships than for mismatched dyads (Van de Vliert, Shi, Sanders, Wang, & Huang, 2004). In general, researchers emphasize that evaluation based on direct feedback is more prevalent in individualist cultures whereas collectivist societies focus on indirect, subtle, relationship-oriented and personal forms of feedback (Hofstede, 1998). Similarly, direct, explicit and formal processes of appraisal are more widespread in low-context cultures (Milliman et al., 1998). Moreover, low power-distance cultures appear to use more participative and egalitarian forms of performance appraisal whereas members of high power-distance cultures tolerate autocratic assessment styles that do not require them to openly express their perspectives in the appraisal review (Snape, Thompson, Yan, & Redman, 1998).

2.3.4. Training and development

Cultural variation exists both with regard to the importance of training and development as well as with regard to the content and methods of training. First, there is evidence that fatalistic cultures perceive training and development as less relevant for organizations given the prevalent assumption that employees have limited abilities that cannot easily be enhanced (Aycan et al., 2000). Second, individual learning styles are inherently culture-bound (Harvey, 1997) and therefore call for a different design and delivery of

training across cultures. For example, high power-distance cultures generally prefer one-way over participative delivery of training and education courses in which the instructor is perceived to possess sufficient authority. In these cultures, organizations tend to employ senior managers rather than external trainers as instructors in order to ensure a high level of credibility and trust (Wright, Szeto, & Cheng, 2002). Furthermore, it is found that cultural values such as high uncertainty avoidance and low assertiveness drive managers to pursue internal, systematic, and long-term orientations in personnel development (Reichel, Mayrhofer, & Chudzikowski, 2009). Existing research on cultural variations in the design and implementation of other HRM practices such as HR planning and job analysis has attracted very little attention (Aycan, 2005). Overall, it has to be acknowledged that not all cultural practices possess the same level of culture specificity. Indeed, practices such as recruitment and selection or training are likely to be less culture-bound than practices such as career development, performance appraisal and reward allocation, since the latter deal with interpersonal relationships rather than technology (Evans & Lorange, 1990; Verburg et al., 1999) and are thus more embedded within the cultural fabric of the local context.

2.4. Multinationals as Inter-Cultural Agents

One of the most relevant implications of comparative HRM research is to provide managers, particularly those working in MNCs, with specific guidelines concerning how to design and implement an effective HRM system when their business operation enters into different cultural contexts. This notion has generated controversial yet critical topics of discussion in comparative HRM, such as the debate on localization versus

standardization, and the process of transferring HRM policies and practices across nations.

In the presence of cultural differences, one critical challenge that HR managers in MNCs face is how to maintain a consistent global HRM system while, at the same time, responding sensitively to local cultural norms. Implicit to this standardization versus localization (or integration vs. responsiveness) debate is the more fundamental assumption about whether a set of universally valid best practices can be identified, irrespective of the cultural context. If best practices do exist, it makes sense to identify them and transfer them to different parts of the world. Whereas various authors have proclaimed the existence of international HRM best practices (Von Glinow, Drost, & Teagarden, 2002), other scholars refute this idea and argue that practices need to be closely adapted to the local context in order to be effective (Marchington & Grugulis, 2000; Newman & Nollen, 1996). From the latter perspective, the congruence between management practices and national culture is so critical that local responsiveness may become an inevitable task.

In general, there is a strong temptation for MNCs to transfer their HRM policies and practices to various other countries, either from the headquarters (i.e., country-of-origin effect) or from a third country which has set the standard of global best practices (dominance effect, Pudelko & Harzing, 2007). Scholars subscribing to the culturalist approach maintain that it could be very difficult, if not impossible, to transfer HRM practices between two countries with different national cultures (Beechler & Yang, 1994). For instance, implementing an individualistic HRM system (e.g., merit-based

promotion) in a collectivist culture may encounter difficulties (Ramamoorthy & Carroll, 1998). In the same vein, national cultural distance has been considered as an indicator to predict the transferability of HRM systems across countries. Despite the existence of fierce debates about the cross-cultural transfer of HRM practices, scholars generally agree that (1) it is necessary to distinguish between HRM policies and HRM practices, and (2) although some HRM policies may be similar across MNC subsidiaries, the actual practices are more prone to respond to local norms and display differences across cultures (Khilji, 2003; Tayeb, 1998).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used to carry out the study. Included in this chapter are the research design, data collection method and data analysis used to achieve the objectives of this study.

3.2 Research Design

The research carried out was a case study. A case study is an in depth study of a particular situation rather than a sweeping statistical survey (Shuttleworth, 2008). The case study research design is also useful for testing whether scientific theories and models actually work in the real world. A case study design will be adopted with the population of the study being the whole of Procter & Gamble management level staff. The method was chosen so as to enable an in-depth investigation of across culture management practices adopted by Procter & Gamble in Kenya.

3.3. Data Collection Instrument and Procedures

Data was collected from the Procter & Gamble management level staff. The main instrument for data collection was the interview guide that allowed for uniformity of responses to questions. The interview guide was preferred over other methods of collecting data because of their capability to extract information from the respondents as well as giving the researcher a better understanding and more insightful interpretation of the results from the study. Primary data sources were used to collect the research data.

According to Mugenda and Mugenda (2008), primary data is data the researcher collects.

3.4. Data Analysis

The researcher collected qualitative data. Content analysis was used to analyze the data. Nachmias and Nachmias (1996) define content analysis as any technique used to make inferences through systematic and objective identification of specified characteristics of messages. Kothari (2004) also explain content analysis as the analysis of the contents of documentary and verbal material and describes it as a qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness. Before embarking on content analysis, the researcher assessed the written material's quality to ensure that the available material accurately represents what is written or said. The researcher then listed and summarized the major issues contained in the interview guide responses. This enabled him to structure the data in a way that can make it possible to analyze and interpret it.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS, INTERPRETATION AND DISCUSSION OF RESULTS

4.1. History of Procter & Gamble

The respondents were requested to explain the history of Procter & Gamble, expanding on its focus on fast moving consumer goods as a key strategy for business operations. The stated that Procter & Gamble was founded in 1837 and is based in Cincinnati, Ohio in the United States. It is recognized as the world's largest producer and distributor of household and personal care products. The respondents further stated that Procter & Gamble operates in over 80 countries and offer products and services in more than 180 countries worldwide. Procter and Gamble maintains a strong focus on fast moving consumer goods as a key strategy for business operations. It usually put more emphasis on its market share, as this is a key factor for success in the Consumer Staples sector in which they compete in. Each firm must compete for market share and viability of growing future sales for the company. As economies around the world continue to recover following the global downturn, Procter and Gamble recognizes that it is pertinent to have an established market share in order to take advantage of new growth opportunities and increase their sales in the future.

4.2. International markets served by Procter & Gamble

The study sought to find out the markets that Procter & Gamble operate in. The main purpose of establishing this was to ascertain whether cross cultural differences are actually a concern due to the new foreign markets that Procter & Gamble has operate in. The findings confirm that Procter & Gamble has expanded its operations to a number of

markets within the Asia, Latin America, North America, Central, Eastern and Western Europe, and Africa. This expansion is in line with the company's vision of becoming the preferred producer and distributor of household and personal care products.

The study established that there are a number of reasons that made Procter & Gamble to opt into regional expansion of their business. The most important reason among all the others is the company's vision and mission. The vision of Procter & Gamble is to becoming the preferred producer and distributor of household and personal products. The company therefore embarked on an expansion programme that could easily enable it take its services to the other countries outside the homeland country. As revealed from the study, the other reason why Procter & Gamble made a decision to expand into new international markets is because of the level of competition that has been building up in the distribution of household and personal products for the last decade. The household marketing industry has experienced significant growth and transformation. This competition provided a window of opportunity to the company to pursue other markets where they did not have presence initially. The study reveals that the expansion into the international market gives room to the company to enhance its growth within the various countries. It was also clear that Procter & Gamble expanded into the international market as an indication that it was set to transform into an international provider of household and personal products.

4.3. Cultural issues faced by Procter & Gamble

The respondents were requested to state the cultural issues faced by Procter & Gamble in the various continents/countries they encountered in their operations. They stated that

one issue is the style of management, language barrier, Hostile citizens and taboos of the citizens in the subsidiaries opened by Procter & Gamble in various countries.

4.3.1. Style of management

The style of management in the host country is different from other countries. This largely conflicts with the way things are done in some of the countries within the region. The respondents indicated that it took time for the other employees from other countries to get used to the new system of work.

4.3.2. Language barrier

The language barriers are also one of the issue that Procter & Gamble had to find solutions to. For instance in French colonies French language has been used for a very long time since the colonization period. Though these countries changed to English, majority of the people still speak French. Therefore this made Procter & Gamble to struggle in the expansion of its operation since it had to make decisions on what language to use in its operations, since mostly Procter & Gamble used English to communicate among its members.

4.3.3. Hostile Citizens

The study established that hostility is another cultural issue that faces Procter & Gamble. Some citizens may not be ready to accept new innovations in their country. This made Procter & Gamble to have a hard time in coping and showing the citizens the necessity of the household products they were bringing to the host nation.

4.3.4. Taboo of citizens

The respondents indicated that taboo of citizens affected greatly the operations of Procter & Gamble. This is because some taboos restricted the citizens over consumption of some household products as they were regarded as foreign. Procter & Gamble had to convince these citizens that their products were the best and had no effect on their health.

4.4. Managing across culture practices adopted by Procter & Gamble.

The respondents were requested to indicate how Procter & Gamble manage across culture differences in the respective continents/countries you are in operation. The respondents indicated that Procter & Gamble manages culture differences in various continents/countries by deciding on what to do and what not to do in the host countries as far as their culture is concerned. This is achieved by ensuring that all the activities of the multinational conform to cultural expectations of the people. This serves as one of the ways through which the company markets itself to the people. Also the respondents stated that the multinational has adapted effective handling of the cross-cultural interface to be able to manage culture differences in various continents/countries. Managers have developed not only empathy and tolerance toward cultural differences, but also have acquired a sufficient degree of factual knowledge about the beliefs and values of foreign counterparts. Cross-cultural proficiency has been paramount in many managerial tasks, including: developing products and services; communicating and interacting with foreign business partners; screening and selecting foreign distributors and other partners; negotiating and structuring international business ventures; interacting with current and

potential customers from abroad; preparing for overseas trade fairs and exhibitions; preparing advertising and promotional materials in line with their cultural values.

The respondents were requested to indicate how Procter & Gamble has been able to address the cross cultural difference issue. They indicated the following ways:

4.4.1. Language advertising strategy

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 Procter & Gamble 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. Some phrases and words used in one country to mean one thing may refer to something totally different in other different countries. The multinational therefore ensures that such kind of challenges is addressed before any advertisement is brought to the public domain. This type of approach has assisted the multinational to develop advertisements that do not have any conflict with the culture of the host country.

4.4.2. Communication Strategy

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 purchasing something. This is

very important because it dictates the level of success a company is likely to achieve. Procter & Gamble had to educate its employees on how to effectively communicate appropriately in line with the culture of the host countries. This also impacted on the business ethics that the multinational 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. It was therefore important for the company to learn the culture of the people in the international markets before devising appropriate ways of conducting business activities.

4.4.3. Management knowledge of the culture

The respondents indicated that culture is learnt and passed on from one generation to another. This being the understanding, multinationals 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.

4.4.4. Training employees

It was evident from the findings that Procter & Gamble has been very successful in the management of cross cultural differences in the international market. The most

important tool that enabled the company to overcome the cultural barriers is training of its employees. The company had to engage in intensive training of its employees. The purpose of the training was to provide more information on the cultural practices and the approaches to be used by the company to accommodate the culture of the host country. The study reveals that with a careful approach, the company was able to tolerate the sharp cultural differences that existed thus making it possible to conduct a successful entry into the international market.

4.5. Discussion of finding

The study found that Procter & Gamble has expanded its operations to a number of markets within the Asia, Latin America, North America, Central, Eastern and Western Europe, and Africa. This expansion is in line with the company's vision of becoming the preferred producer and distributor of household and personal products. The study also established that vision of Procter & Gamble is to becoming the preferred producer and distributor of household and personal products. The company therefore embarked on an expansion programme that could easily enable it takes its services to the other countries outside the homeland country.

Further the study established that the expansion into the international market gives room to the company to enhance its growth within the various countries. It was also clear that Procter & Gamble expanded into the international market as an indication that it was set to transform into an international provider of household and personal products. This is in contrary with a study done by Cojocar (2011) who suggests that multinational companies have the great advantage of working in and with different cultures to make

their products and services accessible to a far wider community. The impetus for reaching beyond their own borders makes commercial sense. When multinationals develop into or with other countries there may be an assumption that because everyone within the company is working for the same goals and to the same values, they will automatically communicate, think and view the world in the same way

The study established that Procter & Gamble manages culture differences in various continents/countries by deciding on what to do and what not to do in the host countries as far as their culture is concerned. This is achieved by ensuring that all the activities of the multinational conform to cultural expectations of the people. This serves as one of the ways through which the company markets itself to the people. Further the study found that culture had a very significant influence in the expansion of Procter & Gamble international business. The study reveals that culture is a very strong asset in market development in the new markets that the multinational ventures into. The main reason for this stems from the fact that culture is actually the foundation of most of the decisions that the multinational makes. This agrees with a study done by Hofstede (1994) who views culture as a collective mental programming of people. He further compares culture to software of the mind that defines the way people think and reason and differentiates people from other groups and shapes the behavior of people.

Further the study established that there cultural issues faced by Procter & Gamble in the various continents/countries they encountered in their operations. This included style of management and language barrier in the subsidiaries opened by Procter & Gamble in various countries. The style of management in the host country is different from other

countries. This largely conflicts with the way things are done in some of the countries within the region. The language barriers are also affect the operations of Procter & Gamble. For instance in French colonies French language has been used for a very long time since the colonization period. This made Procter & Gamble to struggle in the expansion of its operation since it had to make decisions on what language to use in its operations. This contradicts a study done by Black, Mendenhall and Oddou (1991) who asserted that for a company to deal with cultural issues in should be introduced in three main skill areas that expatriates need to focus on to survive in a new culture: skills related to maintenance of self, skills relating to fostering relationships with host nationals and skills that promote a correct perception of the host environment and its social systems.

The study found that Procter & Gamble has been very successful in the management of cross cultural differences in the international market. The most important tool that enabled the company to overcome the cultural barriers is training of its employees. The company had to engage in intensive training of its employees. The study established that this success could not be possible if the company had not been successful in solving the cultural issues that affected its operations in the international market. In addition the study established that culture influences a range of interpersonal exchange as well as value chain operations such as product and service design, marketing, and sales. Managers of Procter & Gamble must design products and packaging with culture in mind, even regarding color to promote the internationalization of the organization. This

agrees with a study done by Kavum (2007) who asserted that unlike political, legal, and economic systems, culture has proven very difficult to identify and analyze. Its effects on international business are deep and broad. Culture influences a range of interpersonal exchange as well as value-chain operations such as product and service design, marketing, and sales. Managers must design products and packaging with culture in mind, even regarding color. For instance while red may be beautiful to the Russians, it is the symbol of mourning in many countries in Sub Saharan Africa.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section provides the summary of findings, conclusions and recommendations from chapter four of the study. It further provides a recommendation on the areas for further studies.

5.2. Summary of the findings

The study found that Procter & Gamble has expanded its operations to a number of markets within the Asia, Latin America, North America, Central, Eastern and Western Europe, and Africa. This expansion is in line with the company's vision of becoming the preferred producer and distributor of household and personal products. The study also established that vision of Procter & Gamble is to becoming the preferred producer and distributor of household and personal products. The company therefore embarked on an expansion programme that could easily enable it take its services to the other countries outside the homeland country. Further the study established that the expansion into the international market gives room to the company to enhance its growth within the various countries. It was also clear that Procter & Gamble expanded into the international market as an indication that it was set to transform into an international provider of household and personal products.

The study established that Procter & Gamble manages culture differences in various continents/countries by deciding on what to do and what not to do in the host countries as far as their culture is concerned. This is achieved by ensuring that all the activities of the multinational conform to cultural expectations of the people. This serves as one of the ways through which the company markets itself to the people. Further the study found that culture had a very significant influence in the expansion of Procter & Gamble international business. The study reveals that culture is a very strong asset in market development in the new markets that the multinational ventures into. The main reason for this stems from the fact that culture is actually the foundation of most of the decisions that the multinational makes.

The study established Procter & Gamble has been able to address the cross cultural difference issue by understanding the culture of the people. This understanding assisted Procter & Gamble to overcome any negative perception of the activities and products that it offers to its customers. Understanding the culture of the people in the host countries also enabled the Procter & Gamble to design the appropriate advertisements for its products that conform to the cultural expectations of the host countries. Also the study found that it is through understanding the culture of the host countries that Procter & Gamble has been able to successfully overcome and minimize the chances of failure. This has actually enabled the company to create an image that makes the customers in the host countries to want to be identified with it.

Further the study established that there are a number of areas in business that can be influenced by culture hence the need for Procter & Gamble 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. Some phrases and words used in one country to mean one thing may refer to something totally different in other different countries. Also the study found that 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 purchasing something.

The study found that Procter & Gamble has been very successful in the management of cross cultural differences in the international market. The most important tool that enabled the company to overcome the cultural barriers is training of its employees. The company had to engage in intensive training of its employees. The study established that this success could not be possible if the company had not been successful in solving the cultural issues that affected its operations in the international market. In addition the study established that culture influences a range of interpersonal exchange as well as value chain operations such as product and service design, marketing, and sales. Managers of Procter & Gamble must design products and packaging with culture in mind, even regarding color to promote the internationalization of the organization.

5.3. Conclusion

The study concluded that vision of Procter & Gamble is to becoming the preferred producer and distributor of household and personal products. The company therefore

embarked on an expansion programme that could easily enable it take its services to the other countries outside the homeland country.

The study also concluded that culture had a very significant influence in the expansion of Procter & Gamble international business. Culture is a very strong asset in market development in the new markets that the multinational ventures into. The main reason for this stems from the fact that culture is actually the foundation of most of the decisions that the multinational makes.

Further the study concluded that Procter & Gamble manages culture differences in various continents/countries by deciding on what to do and what not to do in the host countries as far as their culture is concerned. This is achieved by ensuring that all the activities of the multinational conform to cultural expectations of the people. This serves as one of the ways through which the company markets itself to the people.

Finally the study concluded that Procter & Gamble has been very successful in the management of cross cultural differences in the international market. The most important tool that enabled the company to overcome the cultural barriers is training of its employees. The company had to engage in intensive training of its employees. The study established that this success could not be possible if the company had not been successful in solving the cultural issues that affected its operations in the international market.

5.3 Recommendations for policy and practice

The research findings have clearly revealed that cultural issues can determine the success or failure of any multinational company. It is therefore important for firms expanding into the international market to give cross cultural issues the attention they deserve. This will enable them to build a strong foundation that shuns cultural conflicts and has the ability of propelling the business to higher levels of success.

It has been established that culture is learnt and that it is the way of life of people. Respecting and tolerating some cultural aspects is very important for international business since it will determine how the host community will accept to do business with the company. Managers of multinationals therefore need to develop the willingness to learn and fit into new cultural settings in order to enable the company to achieve its objectives.

5.4 Limitation of the study

One of the limiting factors was that the research involved interviewing top and middle management team who at times did not have enough time allocated for the interview and hence the unsatisfactory answers caused by some of the respondents who would not want to give the information required as they regarded it confidential. It is also worth noting that this study was limited to Procter & Gamble. Thus the information obtained in relation to managing across culture practices among fast-moving consumer goods multinationals in Kenya might not be the same for other organization not studied.

5.5 Suggestions for further Research

It will be important to carry out a comparative study to establish whether the findings from this study tally with other findings. This will assist in providing more knowledge on cross cultural issues in the international business environment. It will also be important therefore to replicate this study after a duration of ten years to establish whether the same effects of cross cultural issues on their business still hold.

REFERENCES

- Arnett, J. J. (2002). The psychology of globalization. *American psychologists*, 57(10), 774-783.
- Aycan, Z. (2005). The interplay between cultural and institutional/structural contingencies in human resource management practices. *International Journal of Human Resource Management*, 16(7), 1083-1119.
- Aycan, Z., Kanungo, R. N., Mendonca, M., Yu, K., Deller, J., Stahl, G., et al. (2000). Impact of culture on human resource management practices: A 10-country comparison. *Applied Psychology*, 49(1), 192-221.
- Aycan, Z., Kanungo, R.N., Mendonca, M., Yu, K., Deller, J., Stahl, G., and Kurshid, A. (2000). Impact of Culture on Human Resource Management Practices: A 10-Country Comparison. *Applied Psychology: An International Review* Vol 49 (1), 192-221.
- Beechler, S., & Yang, J. Z. (1994). The transfer of Japanese-style management to American subsidiaries: Contingencies, constraints, and competencies. *Journal of International Business Studies*, 25(3), 467-491.
- Björkman, I., & Lu, Y. (1999). The management of human resources in Chinese-Western joint ventures. *Journal of World Business*, 34(3), 306-325.
- Budhwar, P. S., & Khatri, N. (2001). A comparative study of HR practices in Britain and India. *International Journal of Human Resource Management*, 12(5), 800-826.
- Caves, R. E. (1982). *Multinational enterprise and economic analysis*. Cambridge, MA: Cambridge University Press.

- Cojocaru, M. (2011) Cultural Globalization in the Context of International Business. Review of International Comparative Management Volume 12, Issue
- Czinkota, M. R.; Ronkainen, I. K. and Moffett, M. H. (2009). Fundamentals of international business. 2nd ed. New York: Wessex Publishers.
- Evans, P., & Lorange, P. (1990). Two logics behind human resource management. In J. Evans, Y. Doz & A. Laurent (Eds.), Human Resource Management in International Firms (pp. 144-161). New York: St. Martin's Press.
- Gelfand, M.J. (2000). Cross-cultural Industrial and Organizational Psychology: Introduction to the Special Issue. Applied Psychology: An International Review Vol 49 (1), 29-31.
- Harvey, M. (1997). "Inpatriation" training: The next challenge for international human resource management. International Journal of Intercultural Relations, 21(3), 393-428.
- Hofstede, G. (1983). Culture's consequences, international differences in work related values. California: Sage Publications.
- Hofstede, G. (1988). Culture and Organizations. International studies of management and organizations, 10(4), 15-41.
- Hofstede, G. (1998). Think locally, act globally: Cultural constraints in personnel management. Management International Review, 38(Special Issue 2), 7-26.
- Hofstede, G. (2001). Culture's consequences: international differences in work related values. Newbury Park, C A: Sage Publications.
- Hofstede, G. U. and Triandis, H. C. (1994). Individualism and collectivism: Theory, method and applications. Personal Relationships across Cultures, 3(2), 22-36.

- Hofstede, G.,(1984) Culture's Consequences: International Differences in Work Related Values
- Johanson, J and Vahlne, J. (1990).The mechanism of international. International Marketing Review, 7(4), 11-24.
- Kavum,J. (2007) The Cultural Environment of international business. Journal of management, Vol. 2. PP 125.
- Khilji, S. E. (2003). 'To adapt or not to adapt': Exploring the role of national culture in HRM – A study of Pakistan. International Journal of Cross Cultural Management, 3(1), 109-132.
- Kovach, R. C. (1995). Matching assumptions to environment in the transfer of management practices: Performance appraisal in Hungary. International Studies of Management & Organization, 24(4), 83-99.
- Lawler, E. E. (1994). From job-based to competency-based organizations. Journal of Organizational Behavior, 15(1), 3-15.
- Marchington, M., & Grugulis, I. (2000). 'Best practice' human resource management: perfect opportunity or dangerous illusion? International Journal of Human Resource Management, 11(6), 1104-1124.
- Miller, J. S., Hom, P. W., & Gomez-Mejia, L. R. (2001). The high cost of low wages: Does Maquiladora compensation reduce turnover? Journal of International Business Studies, 32(3), 585-595.
- Milliken, F.J., and Martins, L.L. (1996) Searching for Common Threads: Understanding the Multiple Effects of Diversity in Organizational Groups, Academy of Management Review, 21(4), 402-433.

- Milliman, J., Nason, S., Gallagher, E., Huo, P., Von Glinow, M. A., & Lowe, K. B. (1998). The impact of national culture on human resource management practices: The case of performance appraisal. In J. L. Cheng & R. B. Peterson (Eds.), *Advances in International Comparative Management* (Vol. 12, pp. 157-183). Greenwich, CT: JAI Press.
- Newman, K. L., & Nollen, S. D. (1996). Culture and congruence: The fit between management practices and national culture. *Journal of International Business Studies*, 27(4), 753-779.
- Nyambegera, S.M., Sparrow, P., and Daniels, K. (2000) "The impact of cultural value orientations on individual HRM preferences in developing countries, Lessons from Kenyan organizations, 'International Journal of Human Resource Management 11 (4), 639-663
- Peng, M. W., (2001). The resource-based view and international business. *Journal of Management*, 27(3), 803-829.
- Pudelko, M., & Harzing, A.-W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535-559.
- Ramamoorthy, N., & Carroll, S. (1998). Individualism/collectivism orientations and reactions toward alternative human resource management practices. *Human Relations*, 51(5), 571-588
- Reiche, B. S. (2008). The configuration of employee retention practices in multinational corporations' foreign subsidiaries. *International Business Review*, 17(6), 676-687.

- Reichel, A., Mayrhofer, W., & Chudzikowski, K. (2009). Human resource development in Austria: A cultural perspective of management development. In C. D. Hansen & Y.-t. Lee (Eds.), *the cultural contexts of human resource development*. Hampshire: Palgrave Macmillan.
- Routamaa, V. & Rautiainen, L. 2002, Type and Expatriate Adjustment in a New Culture. Proceedings of the Conference Working Creatively with Type and Temperament 19 - 22 September 2002, Sydney.
- Ryan, A. M., McFarland, L., Baron, H., & Page, R. (1999). An international look at selection practices: Nation and culture as explanations for variability in practice. *Personnel Psychology*, 52(2), 351-391
- Schuler, R. S., & Rogovsky, N. (1998). Understanding compensation practice variations across firms: The impact of national culture. *Journal of International Business Studies*, 29(1), 159-177.
- Snape, E., Thompson, D., Yan, F. K.-c., & Redman, T. (1998). Performance appraisal and culture: Practice and attitudes in Hong Kong and Great Britain. *International Journal of Human Resource Management*, 9(5), 841-861.
- Tajfel, H. and Turner, J. C., (1979). *An integrative theory of intergroup conflict*. Monterey, CA: Brooks-Cole
- Van de Vliert, E., Shi, K., Sanders, K., Wang, Y., & Huang, X. (2004). Chinese and Dutch interpretations of supervisory feedback. *Journal of Cross-Cultural Psychology*, 35(4), 417-435.
- Verburg, R. M., Drenth, P. J. D., Koopman, P. L., Muijen, J. J. V., & Wang, Z.-M. (1999). *Managing human resources across cultures: a comparative analysis of*

practices in industrial enterprises in China and The Netherlands. *International Journal of Human Resource Management*, 10(3), 391-410.

Von Glinow, M. A., Drost, E. A., & Teagarden, M. B. (2002). Converging on IHRM best practices: Lessons learned from a globally distributed consortium on theory and practice. *Human Resource Management*, 41(1), 123-140.

Wright, P., Szeto, W. F., & Cheng, L. T. W. (2002). Guanxi and professional conduct in China: A management development perspective. *International Journal of Human Resource Management*, 13(1), 156-182.

APPENDIX I: INTERVIEW GUIDE

1. Kindly explain the history of Procter & Gamble, expanding on its focus on fast moving consumer goods as a key strategy for business operations.
2. Which markets does Procter & Gamble operate in? Kindly explain some of the reasons that made Procter & Gamble expand to these countries.
3. What are the cultural issues in the various continents/countries you are in operation?
4. How do you manage across culture differences in the respective continents/countries you are in operation?
5. How did cross cultural differences in various countries influence the outcome of Procter & Gamble international business?
6. Kindly explain how Procter & Gamble has been able to address the cross cultural difference issue
7. Which areas of business are more prone to cultural influence in international markets?
8. What is your advice on cross cultural differences as far as multinational is concerned?
9. How successful was Procter & Gamble in addressing cross cultural differences in the international markets?

10. What particular aspects of culture have a significant effect on Procter & Gamble Internationalization?