



# **Transfer of Training and Development Practice from Western Countries MNCs to their Subsidiaries in Developing Countries: The case of French and US MNCs in Ivory Coast**

**Thèse**

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## Résumé

Cette thèse s'intéresse aux déterminants institutionnels et culturels du transfert de la pratique de formation et du développement des compétences des multinationales françaises et américaines vers leurs filiales en Côte d'Ivoire, un pays Africain en développement. La question fondamentale de recherche est : quels sont les facteurs institutionnels et culturels qui influencent le transfert de la pratique de formation et du développement des compétences des multinationales françaises et américaines vers leurs filiales en Côte d'Ivoire ? Afin de répondre à cette question, cette thèse est subdivisée en trois (03) articles. Le premier article met en évidence les initiatives visant à développer les compétences en Afrique sub-Saharienne, identifie les challenges qui leurs sont liées et propose des solutions idoines à leur amélioration. Le deuxième article examine les facteurs institutionnels du pays hôte qui influencent le transfert de la pratique de formation et de développement des compétences des multinationales françaises et américaines vers leurs filiales en Côte d'Ivoire. Le troisième article, quant à lui, examine l'influence de la distance culturelle entre les pays d'origine et hôte sur ce transfert.

**Mots clés:** transfert; formation et développement des compétences; institutions; culture; Côte d'Ivoire.

## **Abstract**

This thesis examines institutional and cultural determinants of training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast, a developing country of Africa. The fundamental research question is: 1) what institutional and cultural factors influence training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast? This thesis is divided into three (03) articles to answer this question. The first article highlights human capital development initiatives in Sub-Saharan Africa, identifies challenges related to them, and offers solutions for their improvement. The second article investigates the host country's institutional factors that influence training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. The third article examines the influence of the cultural distance between home and host countries on such transfer.

**Keywords:** transfer; training and development; institutions; culture; Ivory Coast.

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## **List of abbreviations**

CÉRUL: Comité d'éthique de la recherche de l'Université Laval

CIA: Central Intelligence Agency

FDFP: Fonds pour le développement de la formation professionnelle

MNCs: Multinational corporations

T&D: Training and development

UNESCO: United Nations Education Scientific and Cultural Organization

<Trust in the Lord with all your heart, And  
lean not on your understanding; In all your  
ways acknowledge Him, And He shall direct

your paths>

Proverbs3:5-6 (NKJV)

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## **Preface**

Article 1: This article highlights initiatives of human capital development in Sub-Saharan Africa, identifies human capital development challenges, and proposes solutions for a more effective human capital development. The article was submitted to Human Resource Development International on February 19<sup>th</sup>, 2021. The article is co-authored with Professor Zhan Su, my doctoral adviser, but Séphora Kérékou is the principal author.

Article 2: It is argued that the extent to which firms can transfer country of origin practices depends on the host country's institutional environment, which can either facilitate or inhibit the transfer. This article examines how the Ivorian institutional environment influences training and development practice transfer to French and US MNCs' subsidiaries. A first version of the article was presented at the Administrative Sciences Conference of Canada (ASAC) in St. Catharines in May 2019. A significantly modified version was presented at the Academy of International Business (AIB) Conference – competitive session in June 2020 and submitted to The International Business Review on February 20<sup>th</sup>, 2021. The article is co-authored with Professor Zhan Su, my doctoral adviser, but Séphora Kérékou is the principal author.

Article 3: Research has shown that the transfer of human resource management practices to western countries MNCs' subsidiaries in developing countries can be problematic due to the cultural distance between home and host countries. This study investigates training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. It seeks to understand the influence of the cultural distance between home and host countries on such transfer. The article was presented at the Academy of International Business (AIB) Conference in June 2020 and submitted to The International Journal of Cross-Cultural Management on February 21<sup>st</sup>, 2021. The article is co-authored with Professor Zhan Su, my doctoral adviser, but Séphora Kérékou is the principal author.

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research areas include strategic management, internationalization strategy, cross-cultural management, and doing business in Asia and emerging countries.

## **Introduction**

The significant economic progress and rapid population growth of many African countries coupled with the aging population of western countries and the resulting labor shortages have led western countries' multinational corporations (MNCs) to expand their operation across the continent. In terms of GDP growth, Sub-Saharan Africa has grown from US\$ 400.383 million (2000) to US\$1,767 trillion (2019) over the last 20 years (World bank data, 2020). It is estimated that 23 percent of Europe's population is more than 60 years old in terms of aging. This percentage is predicted to increase with 34 percent of the total population being 60 years old and 10 percent of the total population between 15 and 24 years old in the year 2050 (UN, DESA, PD, 2013). Similarly, it is estimated that 20 percent of North America's population is over 60 years old, with a predicted increase of 27 percent for the population greater than 60 years and 12 percent for the population between 15 and 24 years old by 2050 (UN, DESA, PD, 2013). Unlike Europe and North America, it is estimated that only 5.4 percent of the total population is over 60 years old while 20 percent of the population is between the ages of 15 and 24 years old and 34 percent of the population is between 25 and 59 years old (UN, DESA, PD, 2013). These numbers are expected to increase by 2050, with 8.9 percent of the population being over 60 years old, 41 percent of the population between 25 and 59 years old, and 18 percent of the population between 15 and 24 (UN, DESA, PD, 2013).

The surplus of young workers in Africa has provided labor for the aging and shrinking labor forces in foreign countries through export-oriented employment. For example, the total FDI flow to Sub-Saharan Africa rose to US\$32 billion in 2018, an increase of 13 percent on the previous year, according to UNCTAD's World Investment Report 2019. The continent is home to many western countries' MNCs, such as Unilever and Vodafone, which have intensified engagement across the continent. Even though the surplus of young workers in Africa has provided labor for the aging and shrinking labor forces in western countries, one of the most critical labor force issues for African countries is the lack of necessary skill sets to perform in western MNCs' subsidiaries (Tarique, Brisco & Schuler, 2016). In this context, it is suggested that western countries' MNCs should transfer their training and development practice to their African subsidiaries to make up for the skills shortage issue.

The transfer of practices across national boundaries is becoming critical to MNCs' success in the global marketplace. Transferring practices can help build coherence within MNCs by enabling newly established subsidiaries to benefit from successful expertise developed in their headquarters and other subsidiaries (Jiang, 2014) for global competitiveness. However, research has shown that there are institutional and cultural factors that can hinder the transfer process. Thus, transferring best practices can be challenged.

Over the last two decades, there has been significant interest in factors influencing organizational practices transfer in MNCs. Among the few studies that focused on the transfer of HRM practices, the transfer of T&D is generally not the focus but rather part of a group of HRM practices. Moreover, much of the research was conducted in western and emerging countries (e.g., Burbach & Royle, 2014; Chang, Smale & Tsang, 2013; Chang & Smale, 2014; Chowdhury & Mahmood, 2012; Ferner, Edwards & Tempel, 2012; Geary & Aguzzoli, 2016; Maharjan & Sekiguchi, 2017; Latukha, Poór, Mitskevich & Linge, 2019). Little is known about developing countries, particularly those in Africa. This study investigates the influence of institutional and cultural factors on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast, a developing country of Africa. Drawing on institutional theory (DiMaggio & Powell, 1983; Scott, 2001) and Hofstede's (1980) cultural dimensions, we explore how institutional and cultural factors influence training and development practice transfer.

Our findings indicate that contrary to what is suggested in the existing literature, the host country's institutional factors and cultural distance between home and host countries do not always impede the transfer process. Instead, we found that the regulative, normative, and mimetic profiles of Ivory Coast have promoted training and development practice transfer to subsidiaries of French and US MNCs operating therein. We also found that cultural distance between the US and Ivory Coast did not hinder the cross-national transfer of training and development practice. Our findings suggest that the host country's institutional policies are determining in the transfer process. They also suggest that despite the cultural distance

between home and host countries, the cross-national transfer of training and development practice is possible as long as transfer mechanisms are in line with the power distance, collectivist, and uncertainty avoidance orientation that characterize the Ivorian culture. Our findings imply that the cultural distance between home and host countries is not always proportional to the degree of transfer difficulty. The research discusses the implications of the findings for theory and practice.

## **Research context**

This study focuses on institutional and cultural factors' influence on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. Ivory Coast constitutes an interesting case because it shares similar institutional and cultural characteristics with other developing countries of Sub-Saharan Africa. Like other developing countries in Sub-Saharan Africa, the Ivorian context is characterized, among others, by power distance, collectivism (Hofstede, 1993), respect for elders, deference to authority (see Beugré, 1998; Beugré & Offodile, 2001, Mangaliso, 2001) and a skills shortage (Kamoche, 2011; Tarique et al., 2016). As highlighted by previous research on HRM in developing economies (Leat & El-Kot, 2007; Mellahi & Frynas, 2003), these features can influence HRM practices of business organizations in any country and shape managers' perceptions of what constitutes appropriate HRM practices.

The Republic of Ivory Coast is a West African country and a former French colony. French is the official language for business, the government, and the educational system. Ivory Coast has a population of around 27.5 million (CIA, 2020). According to UNESCO (2020), 4.37 percent of the Ivorian GDP was spent on education in 2018. The country had a national literacy rate of 47.17 percent, 40.50 percent women, and 53.66 percent men in 2018. Ivory Coast is the world's largest producer and exporter of cocoa beans and a significant producer and exporter of coffee and palm oil (CIA, 2020). In 2017, the country's economy was based essentially on agriculture (20.1 percent of GDP), industry (26.6 percent of GDP), and services (53.3 percent of GDP) (CIA, 2020).



Ivorian firms' apparent management style is bureaucratic, inherited from the French colonial period, and based on rules and regulations, authority, and control with a hierarchical structure of power. According to Hofstede (1993), West Africa (of which Ivory Coast is a part) ranks high on power distance, moderate on masculinity and uncertainty avoidance, and low on individualism and long-term orientation. In high-power distance cultures, people are expected to accept steep hierarchies, resulting in centralized power and respecting their superiors (Hofstede, 2001). There is a strong emphasis on relationships in collectivist cultures, people blend in, and decisions are based on what's best for the group (i.e., family, tribe, organization, etc.) (Hofstede, 2001). In cultures with a low score on long-term orientation, people exhibit great respect for traditions and norms and focus on achieving quick results; thus, employees often change employers (Hofstede, 2001). In moderate uncertainty avoidance societies, people are likely to accept new ideas and willing to try something new or different, whether it pertains to practices, business, etc. (Hofstede Insight, 2020). At the same time, most people are likely to feel uncomfortable in uncertain and ambiguous situations; thus, they are likely to welcome laws and formal rules to guide their behaviors and protect themselves from unpredictability (Hofstede, 2001). Moreover, they are likely to trust in the word of those they consider to be experts and assume their word to be beyond uncertainty (Hofstede, 1983). In a moderately masculine society, the overall cultural tone is more subdued to achievement, success, and winning; people tend to have a work-life balance and are likely to take time to enjoy personal pursuits, family gatherings, and life in general (Hofstede Insight, 2020).

## **Research questions and objectives**

This thesis's main objective is to examine the influence of institutional and cultural factors on the transfer of training and development practice to French and US MNCs' subsidiaries in Ivory Coast. More specifically, it seeks to answer the following questions:

- What initiatives have been implemented to develop skills in Sub-Saharan Africa? What are the challenges related to them and why? How can they be improved?
- What host country's institutional factors influence the transfer of training and development practice to French and US MNCs' subsidiaries in Ivory Coast? How do these institutional factors influence such transfer?

- What cultural factors influence the transfer of training and development practice at French and US subsidiaries in Ivory Coast? How does cultural distance influence such transfer? Does the relative cultural distance between countries matter?

Hitherto, a great deal of the literature on organizational practice transfer has focused on developed and emerging countries (see Burbach & Royle, 2014; Chang, Smale & Tsang, 2013; Chang & Smale, 2014; Chowdhury & Mahmood, 2012; Ferner, Edwards & Tempel, 2012; Geary & Aguzzoli, 2016; Maharjan & Sekiguchi, 2017; Latukha, Poór, Mitskevich & Linge, 2019). Little is known about developing countries, particularly those in Africa. This research will provide a more timely stock of knowledge on the state of human capital development in developing countries of Africa in general and Ivory Coast in particular. It will also propose initiatives targeted at increasing the skilled labor pool to meet the country's socio-economic development needs. Moreover, it seeks to advance the international human resource management (IHRM) field by identifying institutional and cultural factors that influence the transfer of training and development practice to French and US MNCs' subsidiaries in Ivory Coast.

## **Contributions**

This study makes three contributions. First, existing studies have mainly focused on how the host country's institutional environment constrains organizational practices transfer (Bae, Chen, & Lawler, 1998; Beechler & Yang, 1994; Bjökman, Fey, & Park 2007; Brewster, Croucher, Wood & Brookes 2007; Khilji, 2003; Myloni, Harzing & Mirza, 2004; Schuler & Rogovsky, 1998). However, our findings indicate that the host country's institutional environment has promoted training and development practice transfer. We found that the regulative, cognitive, and normative institutions of Ivory Coast have facilitated training and development practice transfer to French and US MNCs' subsidiaries. Our findings imply that the host country's institutional factors are important determinants of T&D practice transfer in Africa's developing countries like Ivory Coast. We then propose a conceptual model of institutional factors influencing T&D practice transfer in the Ivorian context.

Second, existing studies argue that practice transfer depends on the cultural distance between home and host countries (see Kogut & Singh, 1988; Liu, 2004). The closer the cultural distance, the easier the transfer process (see Ngo, Turban, Lau & Lui, 1998; Wasti, 1998); the greater the cultural distance, the more challenging it is (Aoki, Delbridge & Endo, 2014). However, our findings indicate that T&D practice was easily transferred, despite the cultural distance between home and host countries. More specifically, we found that the transfer is possible through transfer mechanisms as long as these transfer mechanisms align with the host country's culture. Our findings imply that the cultural distance between home and host countries is not necessarily proportional to the degree of transfer difficulty. In other words, the influence of culture on T&D practice transfer is relatively insignificant. Subsequently, we propose a conceptual model of factors influencing T&D practice transfer in the Ivorian context, focusing on cultural distance and transfer mechanisms.

Third, by exploring the host country's institutional profile as a facilitator and essential determinant of practice transfer in the context of a developing country of Africa, we extend the scope of current research on HRM practice transfer to an area that has been understudied.

### **Theoretical approach**

Even though factors that explain the extent to which MNCs can transfer their HRM practices to their foreign subsidiaries became the focus of some studies, this field stays underdeveloped academically. The majority of attention is given to western and emerging countries with minimal regard to developing countries in general, and particularly those in Africa. Yet, the tremendous economic growth and increased international business activities in Africa mandate the need for such studies. Two main approaches have been used to examine the influence of national-level factors on practice transfer: the institutional and cultural approaches.

The institutional approach focuses on the institutional arrangements as the driving forces that determine MNCs' practices (see DiMaggio & Powell, 1983; Ferner, Almond, & Colling, 2005; Scott, 2001). According to Scott (2001), institutions comprise regulative, normative, and cultural-cognitive elements that provide stability and meaning to social life. The

regulative aspect of institutions reflects the laws and rules that promote, constrain, and regulate behaviors in a particular national environment. The normative element of institutions includes values and norms which define objectives and establish appropriate ways to pursue them. Values are conceptions of preferred or desirable standards to which existing structures or behaviors can be compared, whereas norms designate proper ways to follow them (Hofstede, 1991). The cultural-cognitive aspect includes conceptions widely shared regarding the nature of social reality and the frames through which meaning is made (Scott, 2001).

By contrast, the cultural approach attempts to explain differences observed in management practices across MNCs through the lens of societal cultural values (Hofstede, 1991). Proponents of this approach argue that cultural distance is the key factor that accounts for the enduring divergence in MNCs' management practices (Kogut, 1988; Liu, 2004). The cross-cultural literature provides several conceptual frameworks based on various dimensions along which national cultures can be analyzed and compared (Hofstede, 1980; Javidan, House, Dorfman, Hanges and Sully de Luque; 2006, Trompenaars, 1993).

Building upon the aforementioned theoretical perspectives and considering the research question, we developed a theoretical framework to highlight our approach to examine the influence of institutional and cultural factors on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast.

### **Qualitative method: a case study**

The transfer of training and development practice from French and US MNCs to their subsidiaries in Africa has not been the subject of significant scientific studies, particularly in the Ivorian context. Due to the lack of previous literature on this theme and the research context's novelty, an exploratory case study approach was necessary. In this study, we adopt a multiple case study approach. This approach focuses empirically on a contemporary phenomenon within a real context while spanning several investigation sites (Yin, 2011). It has emerged as the dominant qualitative research method in international business (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mäntymäki, 2011). It uses various information

sources while offering more flexibility (Denzin & Lincoln, 1994; Stoecker, 1991), particularly in a new research context.

#### Subsidiaries selection

Due to the exploratory nature of this study, the selection of the subsidiaries required caution. The key selection criterion was the age of the subsidiary. Since training and development practice promotes knowledge sharing, we adopted an age referential of three (03) years minimum because it is considered significant for learning to occur (Chrysostome & Su, 2002; Lyles & Salk, 1996). On this basis, a group of 11 subsidiaries of French and US MNCs operating in Ivory Coast was identified as the research sample. The subsidiaries operate in the service sector and are well known in their respective industry both in the home and host countries. We were interested in companies that operate in the service sector because it has emerged as one of the country's leading sectors in foreign direct investment (FDI), revenue generation, and employment creation (see African Development Bank Group, 2020).

#### Data collection

Our primary mode of data collection is face-to-face, semi-structured interviews. Semi-structured interviews are considered appropriate for data collection because they provide respondents with a degree of freedom to explain their thoughts and interpret and describe phenomena in their way (Humphrey & Lee, 2004). These interviews were conducted across managerial specialisms and hierarchies for three (03) months, from June to August 2018, in Ivory Coast. Interviewees had between five (05) and twenty (20) years of work experience within their respective organizations and were familiar with their company's training and development practice. Official documents such as training and development manuals were also collected.

#### Data analysis

The data collected through interviews and documents were encoded and rearranged into conceptual categories to facilitate relating the information to the research questions and formulate conclusions (Ghauri & Gronhaug, 2002). Within-case and cross-case analyses were conducted by linking the data collected and the documents consulted to increase internal

validity (Yin, 2009). The former led to a description of the transferred training and development practice and a comparison between interviewees' responses in each case. In contrast, the latter led to examining similarities and differences between the themes emerging from the 11 MNCs and identifying factors that influence the transferred training and development practice. The NVivo software was used for comprehensive data processing.

### Research and fieldwork challenges

Several challenges were encountered while conducting this research. First, even though research has been conducted on the international transfer of training and development practice, most studies on this theme are based on western and emerging countries. Finding reliable and quality sources of information on this theme in the African context proves to be difficult as reports and publications are rare and often journalistic. A literature review, which led to our first article, was necessary to assess the current state of knowledge in the field. Second, the African environment is not always research-collaborative; hence, some subsidiaries were reluctant to participate in the interview process.

### **Ethical considerations**

The Research Ethics Board of Laval University (CERUL) approved this research. Although the research is a recipient of several scholarships from Faculté des Sciences de l'Administration and Fondation Famille Choquette, objectivity has not been tainted. All necessary measures to enforce the ethical principles that govern research in social sciences involving human subjects were taken. Participants voluntarily agreed to be interviewed, although many of them requested confidentiality. Five (05) participants did not authorize a tape recording of their interview yet permitted note-taking. All the terms of our ethical engagement were fully respected. Moreover, we ensured the privacy, confidentiality, and anonymity of participants.

### **Thesis structure**

This thesis consists of three (03) articles. Each of these articles is considered a specific objective and helps to meet the research's overall goal. The first chapter (article 1) analyzes the state of human capital development in Sub-Saharan Africa from the relevant research

developed on the subject. The second chapter (article 2) investigates the influence of the host country's institutional factors on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. The third chapter (article 3) examines the influence of the cultural distance between home and host countries on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. The thesis concludes by recalling the significant findings and highlighting the study's contributions, implications, and limits. Figure 1 below summarizes the general framework of the thesis.

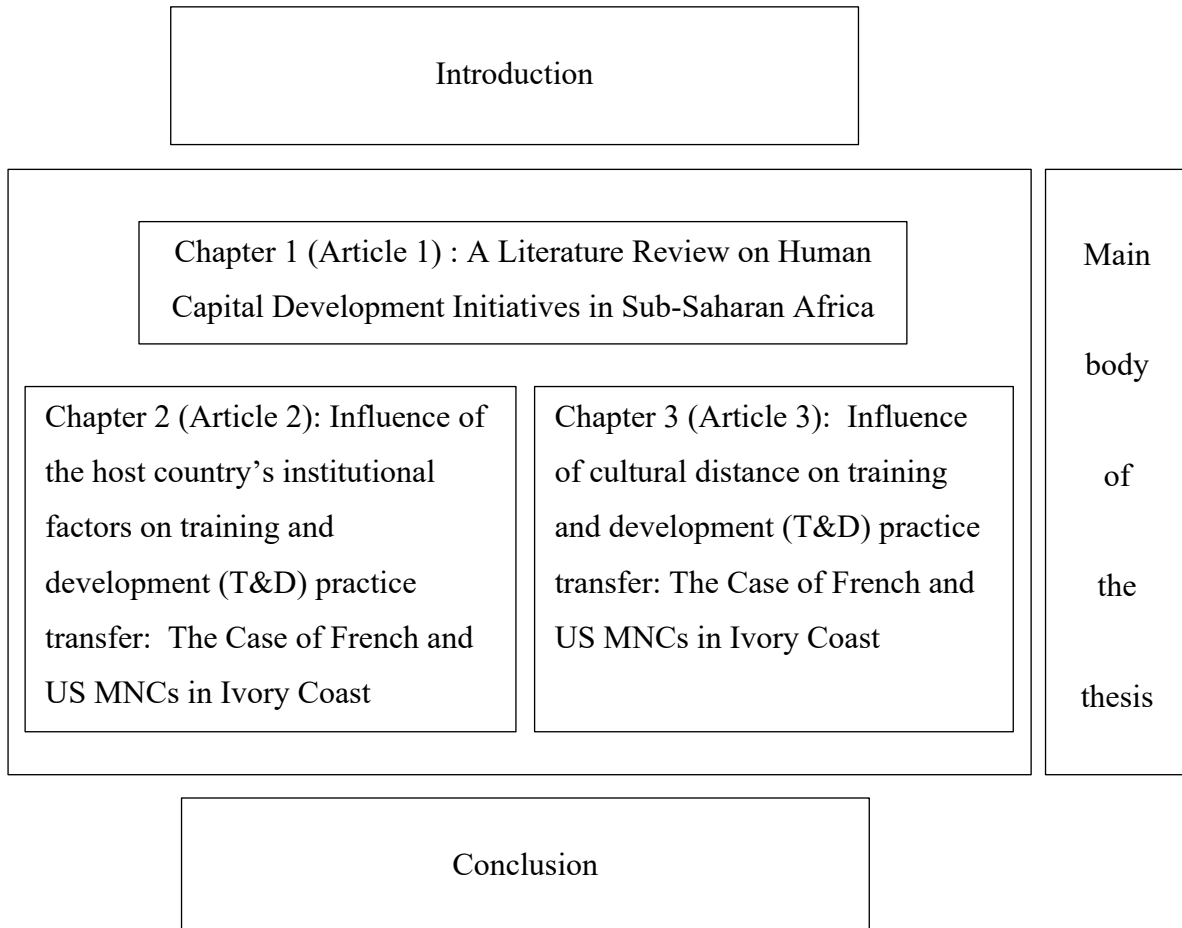


Figure 1: Thesis structure



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# Chapter 1: Examining Human Capital Development Initiatives in Sub-Saharan Africa

## Résumé

Cette recherche examine les initiatives du développement des compétences en Afrique Sub-Saharienne. Les résultats montrent que les gouvernements africains ont priorisé l'éducation en tant qu'initiative de développement des compétences au niveau national. Cependant, malgré leurs efforts, des défis tels que le faible taux d'achèvement scolaire, les disparités entre les sexes dans la participation scolaire et la faible qualité de l'éducation demeurent. À la lumière de ces résultats, nous offrons des pistes de solutions pour une meilleure approche au développement du capital humain. Celles-ci incluent l'appariement entre les programmes offerts dans les établissements universitaires et les besoins des entreprises, le financement du système éducatif local par les entreprises occidentales pour augmenter chaque année le nombre d'individus diplômés dans les domaines spécialisés dont elles ont le plus souvent besoin, et le transfert de la pratique de formation des maisons-mère vers leurs filiales africaines.

**Mots clés:** éducation, formation, développement du capital humain, Afrique Sub-Saharienne.

## **Abstract**

This research investigates skills development initiatives in Sub-Saharan Africa. The results show that African governments have prioritized education as a skills development initiative at the societal level. However, despite their efforts, challenges such as the low rate of school completion, gender disparities in school participation, and the low quality of education remain. In light of this, we offer a possible avenue of solutions towards a better approach to human capital development initiatives. These include matching programs offered at universities, technical and vocational training institutes with organizations' needs, encouraging Western companies to finance the local education system to increase each year the number of individuals graduating in the specialized fields needed, and transferring training and development practice from parent companies to allow their African subsidiaries benefit from successful expertise.

**Keywords:** education, training, human capital development, Sub-Saharan Africa.

## 1.1 Introduction

In a world characterized by aging populations resulting in labor shortages in developed economies, Africa has the advantage of a young and growing population. By 2034, the region is expected to have a larger workforce than China or India (McKinsey, 2016). However, the mere possession of a young and growing force alone may not bring about the development and global competitiveness of firms operating in Sub-Saharan Africa (SSA) and the region. According to Harvey (2002), the most critical resource for African economies to grow and compete in an increasingly knowledge-intensive global economy is their human capital. Along this line, Nafukho (2013) argued that African economies need people who possess the critical skills and knowledge required for development, and without which, they will remain disadvantaged. In this regard, there is an urgency for African economies and organizations operating therein to develop their human resources for socio-economic development and global competitiveness.

Having understood and recognized the importance of human capital as a critical driver for their socio-economic development and competitiveness, many African governments have taken initiatives to develop the knowledge and skills of their people. Nevertheless, Africa's human capital remains weak (see Arias, Evans, Santos, 2019; Perotti, 2017; Shuaibu & Oladayo, 2016; UNESCO–UNEVOC 2015). The purpose of this article is to provide a better understanding of human capital development in SSA. Specifically, it aims to answer the following questions: what initiatives have been implemented for human capital development in Africa? What are the challenges involved in the implementation of these initiatives and why? How can they be improved? By answering these questions, this article provides a more timely stock of knowledge on the state of human capital development in SSA.

The SSA region's potential in natural and human resources has attracted investments worldwide (see Horwitz, 2014; Kamoche, 2011; Kamoche & Siebers, 2015) over the last few years. Many western countries' multinational corporations (MNCs) searching for new markets and workforce have expanded their operations across the continent; however, its large young workforce often lacks the skills required for economic development and global competitiveness (Tarique, Briscoe & Schuler, 2016). Compared to the rest of the world, the region is still lagging in human capital. According to the World Economic Forum's Human

Capital Index, SSA is the lowest-ranked region in the Index with an overall average score of 55.44 (World Economic Report, 2016). Assessing human capital development initiatives and their efficacy in SSA can be valuable in improving human capital in the region.

The remaining of the paper is organized as follows. The next section explains our methodology for identifying writings on human capital development in SSA. We then provide a literature review of existing studies on human capital development in the African context. This section is followed by a presentation and discussion of our findings. We also propose a range of solutions towards a better approach to human capital development. We conclude by highlighting implications for policymakers and managers.

## **1.2 Method**

Using the electronic databases ABI-Inform and Business Source Complete, we used a variety of search terms that could account for the diversity of studies addressing human capital development in SSA. The search terms we used included: “human capital development” OR “skill\* development” combined with the search term “Afric\*”. Due to the limited research on human capital development in Africa in the academic literature, we included non-academic studies such as reports on our topic of interest and focused on articles that had appeared in English-language. To ensure that our review would be as exhaustive as possible, we checked the reference lists of the papers that we decided to analyze more closely. To ensure that the articles were relevant and contributed to the attainment of the study’s aim, we screened them for relevance and suitability. Therefore, we excluded articles where the authors did not precisely aim to contribute to the human capital development literature. While these studies undoubtedly have implications for human capital development, they fall beyond the scope of our review. We first examined titles and abstracts and selected a pool of studies. Following our criteria, we finally ended with a sample consisting of 10 studies. We started our analysis by grouping the studies based on their approach to human capital development. We first looked at the way in which human capital development was defined and operationalized. We then focused on factors that contribute to human capital development. In the following section, we summarize our findings of the studies. This is followed by our recommendations for a better approach to human capital development.

### **1.3 Literature review**

According to the human capital theory, human capital refers to the abilities, skills, and knowledge acquired through education, training, work, and experience (Schuler, 1961; Becker, 1975). Central to the human capital theory approach is that investment in education and training yields positive returns to the individual, organization, and the country (Becker, 1975). For example, education and training can help develop skills, knowledge, and abilities at the individual level, which will form the basis for sustained competitive advantage at the organizational level. They can also enhance the international competitiveness of companies operating in Sub-Saharan Africa and, therefore, the region's competitiveness in today's highly competitive global market (Debrah, Oseghale & Adams, 2018). Education is essential in the development of human capital. Through education, human resources acquire and develop relevant knowledge, skills, and other abilities before employment. As a result, the education sector is regarded as being responsible for preparing and supplying a skilled workforce (Wubneh, 2003) to employers. The human capital acquired through education before employment is further developed through professional training (Scarborough & Elias, 2002; Wright, Coff & Moliterno, 2014). Thus, education and training are essential in the development of human capital. New and long-standing employees require training to develop their potential further and upgrade their current skills levels to increase productivity and international competitiveness.

Several studies have been conducted on human capital development in the African context. One line of the study argued that education, training, and health are essential in human capital development to deal with this situation. According to this study line, investment in education, training and health improves human capital (see Aluko & Aluko, 2012; Crocker & Eckardt, 2014; Debrah et al., 2018; Ogundari & Abdulai, 2014). For example, Debrah et al. (2018) pointed out that a well-structured training will help SSA firms develop highly skilled and knowledgeable employees with the competencies required to innovate. Thus, employee training and development should be carried out regularly if SSA firms seek to remain strategically positioned in the global market or to be efficient in providing quality products and services. Ogundari and Abdulai (2014) indicated that a more educated and healthier workforce is more likely to create and adopt new technologies. In contrast, inadequate



investment in education and health leads to a decline in human capital (Odia & Omofonmwan, 2010; Omojimate, 2011).

Another line of study posits that human capital development contributes to economic growth. In this line of research, education, training, and health are used to measure human capital. While some studies (e.g., Glewwe, Maïga & Zheng, 2014) examined the relationship between education and economic growth, others (e.g., Babatunde, 2014; Ndiyo, 2007; Onisanwa, 2014) focused on the relationship between health and economic growth at the country level. Only a few studies (e.g., Gyimah-Brempong & Wilson, 2004; Gyimah-Brempong, Paddison & Mitiku, 2006; Ogoundari & Awokuse, 2018) examined the combined effects of both health and education measures of human capital on economic growth. For example, Glewwe et al. (2014) found that the impact of education on SSA economic growth is lower than in other countries, likely due to lower quality of schooling. Ogoundari and Awokuse (2018), in their study, found that the two measures of human capital have positive and statistically significant effects on economic growth. However, the contribution of health to economic growth is relatively more extensive than the impact of education. This finding emphasizes the importance of both education and health as human capital measures. It aligns with the literature's argument that none of them is a perfect substitute for the other as a measure of human capital.

A third line of study stressed the weakness of human capital in the SSA region (e.g. Wubneh, 2003) as evidenced by low enrollment ratios, low literacy rates, low educational attainment, and recent studies on employers' perception of skills in the region (see Arias, Evans, Santos, 2019; Majgaard & Mingat, 2012; Perotti, 2017; Shuaibu & Oladayo, 2016; UNESCO–UNEVOC 2015). For example, a survey across 23 SSA countries indicated that 52 percent of the working-age population received no formal schooling, 30 percent received only primary education, and 18 percent received secondary and technical and vocational education and training (TVET) or higher education (Majgaard & Mingat, 2012).

In the light of the above, most of the existing studies on human capital development in SSA focused on the impact of human capital development on economic growth. Others have

stressed the importance of education, training and health as factors that contribute to human capital development. Still others have underlined the weakness of human capital in the region. However, little is known on initiatives for human capital development in the region and how effective they are.

#### **1.4 Findings: human capital development initiatives and challenges**

The purpose of this article is to understand human capital development in Africa. We frame the analysis of our findings around the following research questions: (1) What initiatives have been implemented for human capital development in Africa?, and (2) What are the challenges involved in the implementation of these initiatives and why? This is followed by a section where we provide a range of solutions towards a better approach to human capital development.

We found that many African countries have adopted policies and initiatives to develop their people's human capital/skills for economic growth and development. In doing so, they have prioritized investments in education over the last decade. Education plays a vital role in the delivery of foundational and high skills. In SSA, the educational system is regarded as responsible for preparing the workforce to acquire the necessary skills. The educational system in many SSA countries comprises three main stages: primary education, secondary education, which includes both traditional high schools and technical institutions, and higher education. Primary and secondary education plays a fundamental role in preparing students for tertiary education and therefore for the next generation of engineers, computer scientists, doctors, and so on. They deliver basic cognitive skills (e.g., the ability to write, read, comprehend text) and numeracy skills (e.g., ability to perform basic mathematic operations) as a foundation for other skills acquisition. According to Aris et al. (2019), literacy and numeracy skills create the foundation for learning and subject knowledge acquisition. Higher education is the cornerstone for the development of highly skilled professionals (Wubneh, 2003). It builds on a foundation of literacy and numeracy skills. It is associated with more advanced skills / higher cognitive abilities, which are increasingly critical in mid-and high-skill occupations and modernizing sectors and economies. For example, a study conducted in Kenya indicates that graduates of tertiary education are the only urban workers who make

intensive use of reading, writing, numeracy, and information and communication technology (ICT) skills (Sanchez, Puerta & Perinet, 2015). The completion of higher education is associated with better employment than is the fulfillment of secondary education or non-university tertiary education. A study conducted in Ghana indicates that more than two-thirds of urban workers with at least some tertiary education are in high-skill occupations compared to only 20 percent of those with at most completed secondary education (Darvas, Farvara & Arnold, 2017, p.133).

The Education 2030 Framework for Action calls for governments to allocate at least 4 to 6 percent of GDP on education or at least 15 percent to 20 percent of total public expenditure (Global Education Monitoring Report, 2016). In this regard, there has been a remarkable effort towards public spending on education in SSA over the last decade. Overall, SSA countries allocate approximately 5 percent of GDP and 18 percent of total public expenditure to education. For example, Botswana and Zimbabwe invested more than 10 percent of GDP on education. On average, the region spends 1 percent of GDP or 20 percent of total public education expenditure on higher education. Approximately 18 percent of tertiary budgets are spent on scholarships for studies outside of the continent (Arias et al., 2019). In SSA, public education spending generally accounts for the public sector's investments in education and training services. Many African countries like Ghana, Mali, and Burkina-Faso have established free primary school education and senior high school policy to provide inclusive and equitable education.

In contrast, others have leveraged conditional cash transfer (CCT) programs to offset indirect costs such as the opportunity cost of schooling. As a result, enrollment in primary and secondary schools has successfully increased in recent years. In Burundi, for example, the proportion of primary-age children enrolled in school more than doubled from less than 41 percent in 2000 to 96 percent in 2014. Countries like Ghana, Mali, and Senegal increased their primary enrollment ratios by about 22 to 26 percentage points, whereas Burkina Faso and Niger boosted theirs by 30 to 36 percentage points (UNESCO, 2016). The conditional cash transfer (CCT) programs, which are targeted at giving money to low-income families in return for children's school attendance, have increased enrollment in Ethiopia and Malawi.

Despite African governments' efforts to ensure the development of human capital, challenges remain. First, access to education is incomplete, with significant variation across countries and regions within countries. While Mauritius and Botswana are close to achieving universal completion of primary education with 97.7 percent and 99.5 percent, fewer than 50% of students complete primary education in Mozambique and Angola with 47.5 percent and 49.7 percent, respectively. Variation is also observed across regions within countries. In Nigeria, for example, approximately 9 million children, many of which live in the conflicted Northeast region, are not in school (Arias et al., 2019). Second, there are gender disparities. Completing secondary education for Cabo Verde and Kenya is 75.7 percent and 83.1 percent, respectively, whereas fewer than 50 percent of students complete secondary education in Ivory Coast and Benin with 32.4 percent and 41.9 percent. In the Central African Republic and Chad, approximately half as many girls as boys were enrolled in a secondary school in 2012. In Angola, the number of girls' enrolment went from 76 girls per 100 boys to 65 between 1999 and 2011. In Lesotho, only 71 boys were enrolled for every 100 girls in 2012, and this ratio has not changed since 1999. The low rate of school completion and gender disparities in school participation could be explained by the lack of school infrastructure, repetition, family income constraints, and biased social norms. For example, at least half of children walk more than 2 kilometers or at least an hour round trip to attend the nearest primary school in Malawi and Mali. In Benin, Burundi, Ivory Coast, and Togo, at least 15 percent to 25 percent of children repeat a primary school grade. Guinea and Somalia charge formal tuition fees in compulsory basic education; this, combined with other indirect costs such as school supplies and uniforms costs, constitutes a significant burden for low-income families. Social norms such as early marriage, teenage pregnancy, and cattle herding cause early school departure for many girls and boys. Third, there is a low quality of education. Many students fail to exhibit the desired skills both at the early primary and at the end of primary school. The *Programme d'Analyse des Systèmes Educatifs (PASEC)* implemented in many French-speaking countries shows that, on average, more than half of students in early and late primary fail at basic reading skills and math tasks. For example, in Niger and Tchad, more than 60 percent of students and more than 80 percent of students lack these skills in early primary and late primary, respectively. An explanation for the low quality of

education could be a combination of poorly trained teachers, lack of qualified teachers, teacher absenteeism, lack of teaching material, underpaid and delayed salaries, lack of adequate school infrastructures, the deterioration of the socio-political environment (Aluko & Aluko, 2012; Arisa et al., 2019; Oyeniran, 2017; Wubneh, 2003). Approximately 80 percent of 6th-grade mathematics teachers lack a complete understanding of the subject in South Africa (Venkat & Spaul, 2015). Teachers' assessments conducted across seven countries, namely, Kenya, Mozambique, Nigeria, Senegal, Tanzania, Togo, and Uganda, showed that few teachers know 80 percent of the content they are required to teach (Bold et al. 2016). Teacher absenteeism is high and varies across countries. The study above conducted in Uganda, Togo, Tanzania, Senegal, Nigeria, Mozambique, and Kenya, shows that teachers were absent from their class more than 40% of the time and from school a quarter of the time (Bold et al. 2016). In Uganda, there is only one textbook for more than 14 students (World Bank 2013). In the northern part of Ivory Coast, teaching is done under trees or in barracks due to the lack of educational infrastructures. Moreover, most teachers have fled the conflict-affected central and northern rural areas to settle in the southern areas, depriving many children of access to education (Oyeniran, 2017). Most of the time, teachers are underpaid or experience a salary delay; this causes them to engage in many informal activities to make ends meet (Wubneh 2003). Moreover, most educational systems do not reward or hold teachers accountable for good or bad results. The deficiencies in basic education have prevented students from reaching higher education and acquire advanced academic skills. According to the West African Examinations Council, nearly all secondary school graduates failed Liberia's university entrance exam in 2016. Because of these deficiencies, higher education enrollment, which relies on the successful completion of basic education, is low in the region. For example, the gross enrollment rate in tertiary education is 10 percent, with 10.4 percent for men and 8.8 percent for women. While in countries like Botswana and Mauritius, enrollment is above 30 percent, in others like Malawi and Niger, enrollment is only 2 percent.

Deficiencies in basic education also cause many students to reach and leave university without developing the foundational skills required to navigate higher education. During a reading skills test in Kenya, fewer than 1 percent of adults with higher education achieved

level 4 or 5 of proficiency, meaning that they could synthesize or integrate information from multiple texts. More than a quarter were at level 1 or below, meaning they could not identify information from a simple text or enter personal information into a document. The lack of university readiness of many students could explain the dropout and low completion rates. According to van Broekhuizen, van der Berg, and Hofmeyr (2016), around 30 percent of university students drop out within five years in South Africa, while in Madagascar, about 27 percent of incoming students end up graduating (Sack & Ravalitera, 2011).

Besides lacking academic skills, university students leave the educational system without hands-on experiences to equip them with the portfolio of skills that employers are looking for and are therefore not ready for the changing world of work. Along this line, it is argued that although education is useful in the development of human capital, the educational system in the developing countries of Africa tends to produce graduates who lack skills for employment (Elegbe, 2010; Ibeh & Debrah, 2011). That is, there is a misalignment between skills taught and skills needed by employers. In Nigeria, for example, only 11 percent of business leaders agree that graduates have the requisite skills for success in the workforce. However, 96 percent of chief academic officers at universities believe that their students are well prepared for employment (McKinsey Global Institute 2012). In Liberia and Malawi, more than one-fifth of employed youths below 29 years of age and with higher education report having the necessary knowledge and skills gaps regarding the work they are expected to do (Arias et al., 2019). The misalignment between the educational system and the labor market demands (Yahiaoui, 2015) could be explained by the lack of connection between universities and companies (Yahiaoui, 2007). Many employers in SSA, significantly larger exporting and innovating firms, report the lack of skills as one of the most significant obstacles to their business. For example, data from the World Bank Enterprise Surveys showed that, on average, about one-third of firms in SSA report skills as a greater-than-average constraint compared with 14 other business environment factors surveyed. Among microenterprises, the percentage of firms rating skills as a greater-than-average obstacle is as high as 30 percent or more in most countries, including Burkina-Faso and Cabo Verde. This percentage is as high as 50 percent to 70 percent among larger firms in Rwanda and Mauritius. A school-to-work transition survey indicates that young workers, including those

with higher education, have very poor ICT and writing skills (Arias et al., 2019). Altogether, these studies reflect the lack of employability readiness of many students who arrive on the labor market, lacking the skills employers expect. An explanation for this is that the education system is mainly based on theory. The emphasis on teaching the skills that employers need to carry out their jobs in the 21st century effectively is limited (Economist, 2008; Elegbe, 2010; Lauwerier & Akkari, 2015).

As mentioned earlier, African governments have made significant efforts towards human capital development by heavily investing in education. On average, approximately 18 percent of public expenditure and 5 percent of GDP are allocated to education. As a result, more children are in school today than ever before (see UNESCO, 2016). However, some challenges remain as many students do not acquire the skills needed to thrive in an increasingly competitive global economy. Table 1 summarizes our findings. In the following section, we offer a range of solutions towards a better approach to human capital development.

Human capital development strengths	<ul style="list-style-type: none"> <li>• SSA countries allocate approximately 5 percent of GDP and 18 percent of total public expenditure to education</li> <li>• Free primary school education and senior high school policy to provide inclusive and equitable education</li> <li>• Some countries have leveraged conditional cash transfer (CCT) programs to offset indirect costs such as the opportunity cost of schooling. Consequently, enrollment in primary and secondary schools has successfully increased in recent years</li> </ul>	Arias et al. 2019; UNESCO, 2016
Human capital development challenges	<ul style="list-style-type: none"> <li>• Incomplete access to education, gender disparities, low quality of education; dropout and low completion rates</li> <li>• Poorly trained teachers, lack of qualified teachers, teacher absenteeism, lack of teaching material, underpaid and delayed salaries, lack of adequate school infrastructures, deterioration of the socio-political environment</li> </ul>	(Arias et al., 2019; Sack & Ravalitera, 2011; van Broekhuizen et al., 2016)  (Aluko & Aluko, 2012; Arisa et al., 2019; Bold et al. 2016; Oyeniran, 2017; Venkat &



	<ul style="list-style-type: none"> <li>• Misalignment between skills taught and skills needed by employers; the education system is mainly based on theory</li> </ul>	<p>Spaull, 2015; Wubneh, 2003)</p> <p>(Arias et al., 2019; Lauwerier &amp; Akkari, 2015; McKinsey Global Institute 2012; Yahiaoui, 2015)</p>
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Table 1. Summary of findings

## **1.5 Towards a better approach to human capital development**

The rapidly changing global marketplace, characterized by a more knowledge-based economy, has increased organizations' demand for knowledge workers to be adaptive and remain competitive. As a result, SSA countries must ensure that their growing workforce acquires the skills that employers need today. Data from the International Labor Organization (ILO) School-to-Work Transition Surveys on 4 SSA countries, namely Benin, Liberia, Malawi, and Zambia, indicate employers in the region value the diversity of skills in employees in their hiring decisions. According to Arias et al. (2019), a portfolio of foundational cognitive skills, socio-emotional skills, digital skills, technical / job-specific skills, and higher-order skills is required for the African workforce to compete in this increasingly competitive global economy. Foundational cognitive skills are functional literacy (i.e., the ability to write, read, and comprehend texts) and numeracy skills (i.e., the ability to perform basic math operations). Socio-emotional skills, also known as soft skills, refer to attitudes and behaviors that allow individuals to manage themselves and their relationships with others, set goals, accomplish tasks, regulate emotions and deal with conflicts. They comprise team working skills, critical thinking skills, relationship skills, and communication skills (Arias et al., 2019). Digital skills/information and communication technology (ICT) skills are necessary to tap into opportunities and face new technology challenges. They include the effective use of digital devices and related tools such as computers, mobile devices, e-mail, and consumer/business software (Arias et al., 2019). Technical skills are required to perform specific tasks in a job; they include management skills, vocational qualifications, and professional qualifications (Arias et al., 2019). Higher-order skills refer to the individual's capacity for critical thinking and analysis, problem-solving, and self-learning (Arias et al., 2019).

There are several ways that African countries can develop the portfolio mentioned above of potential skills to ensure the adaptability of their current and future workforce in the 21st century. Since providing an exhaustive list of how to improve human capital development is beyond our study's scope, we highlight four.

First, given that many teachers lack the minimum subject knowledge they are expected to teach (see Bold et al., 2016; Venkat & Spaul, 2015), African governments should identify and nurture teaching talent early through teaching internships as a way of bringing real-world experience to them. Providing them such opportunities will help them learn and demonstrate what they learned. African governments can also create special incentives for top high school students to go into the teaching profession by offering them the compensation that is as attractive as those of other jobs. For instance, Singapore carefully selects young people from the top one-third of the secondary school graduating class. It offers them a monthly stipend that is competitive with the monthly salary for fresh graduates in other fields while still in school. In return, these young people must commit to teaching for at least three years. Following these three years, an annual assessment is conducted to identify whether a master teacher, specialist in curriculum/research, or school leader would be a suitable career path. African governments can also establish very selective teacher training programs by raising admission requirements into teacher training institutions and program requirements to attract the best applicants. Along these lines, potential candidates can be selected for interviews to assess their belief in their country's core mission of public education and demonstrate their teaching potential through simulation exercises. In Finland, for example, teacher candidates are selected according to their capacity to convey their belief in the core mission of public education. Finnish teachers must also submit a research-based thesis as the final requirement of the master's degree program. By raising standards to its teachers' training universities, Finland has made teaching a highly selective occupation, with highly skilled, well-trained teachers so much so that more than 6 600 applicants competed for the 660 available slots in primary school preparation programs in 2010 (OECD, 2011). African governments should also implement incentive systems such as performance-based pay to foster teachers' accountability in learning delivery while providing them with resources and pedagogical support such as teachers' evaluations, professional recognition, and mentorship opportunities (Arias et al., 2019). They should also keep track of teacher attendance to reduce absenteeism.

Along these lines, we suggest that teacher attendance data be used as part of teacher evaluation. Moreover, salary progressions and promotions should be linked to teachers' job performance rather than teachers' education and length of teaching experience. Gambia, for

example, has introduced supervision units to systematically check teacher attendance registers at the school level. Each supervision unit is responsible for a limited number of schools and is equipped with adequate transportation for regular school visits. In Madagascar, the Ministry of Education developed and piloted a set of interventions to clarify education officials' duties and responsibilities. For example, school directors were given the responsibility to monitor teacher attendance. These interventions included other management tools and guides such as parent-teacher associations and school report cards (OECD, 2011).

Second, given the misalignment of school and university curriculums with employers' needs (Yahiaoui, 2015) and employers' concerns for the lack of skills as a greater-than-average obstacle for their business (Arias et al., 2019; McKinsey Global Institute 2012), programs offered throughout the educational system should combine academic subjects with practical experiences. This combination will equip students with technical, cognitive, and socio-emotional skills that employers are looking for. Soft skills such as relationship skills and communication skills should be incorporated in primary and secondary school students' curriculums and taught through academic activities. In Vietnam, the Hung Yen University of Technology and Education offers courses on time management and prioritizing. In Malaysia, polytechnics have incorporated foundational skills into the teaching of Industrial Training on Soft Skills. This module includes technical training with the real-world context in which students are expected to apply transversal skills.

Moreover, students are exposed to the theoretical underpinnings of transversal skills through various class activities and real-work situations before receiving practical training. Compared to 14 business environment factors surveyed, about one-third of SSA firms report skills as a greater-than-average constraint. More specifically, the percentage of firms rating skills as a greater-than-average obstacle is as high as 30 percent or more among microenterprises and 50 percent to 70 percent among larger firms (Arias et al., 2019). At the higher education level, universities should pursue work-based learning opportunities to enhance their students' workplace experience through apprenticeships or internships and improve their employability upon graduation. In South Africa, for example, Middelburg Higher Technical School has established partnerships with companies like Toyota Motor Company that invest in the school to provide workplace training and consider graduates for employment.

Third, given the enormous amounts required to sustain higher education, counting exclusively on governmental aid is unrealistic. In other words, the financing of universities should not be based solely on governments. Universities should proactively look for additional funding to maintain/develop infrastructure facilities, acquire teaching resources and research materials, and provide/increase the number of scholarships to encourage students' enrollment in the fields of science, technology, and engineering. For example, they can market their research and development potentials to industries, government, and other bodies by establishing a University-Industry Research and Development Coordinating Unit, which would serve as a technology transfer link between them and industries (Aluko & Aluko, 2012). Embarking on consultancies will also help them generate revenue and expose their students to practical experience opportunities (Aluko & Aluko, 2012). For instance, in South Korea, the government encouraged the private sector to finance a large portion of education expenditure, particularly at the higher education levels, to leverage public resources.

Forth, an additional way that is frequently overlooked to address human capital's development challenges is MNCs' role (Harvey, 2002). Misalignment between the education system and demands of the labor market (Yahiaoui, 2015) is, according to Yahiaoui (2007), due to the lack of connections between universities and companies. Collaborative partnerships should occur between higher education institutions and the private sector to develop graduates with relevant human capital for industries. For example, co-ordination between MNCs, designers, and teachers of higher education courses is necessary to help anticipate skills needed and ensure that the subjects taught, and the proposed training and skills are adapted to industries' needs (Aluko & Aluko, 2012). MNCs can also offer scholarships on a competitive basis to increase the number of yearly graduates in the knowledge industries of science, technology, engineering, and wherever skills shortages are critical. In return, recipients of these scholarships will commit to working a while for the company that sponsored them upon completing their studies or training. After this period, they can either remain with that company or find a job in another one. Moreover, MNCs can collaborate with local educational and training institutions to offer students practical internship opportunities to improve their technical, industry, and soft skills, all of which are highly sought after by companies. Furthermore, MNCs can encourage their employees to

attend relevant external training programs, the costs of which will be fully or partially reimbursed if completed successfully. Finally, MNCs can also transfer their home-grown training and development practice to their African subsidiaries. Such transfer will allow their African subsidiaries benefit from successful expertise (Jiang, 2014).

## **1.6 Conclusion**

This article investigates initiatives for human capital development in SSA. Many emphases have been laid on education as the primary initiative for human capital development at the societal level, thereby ignoring other potential initiatives. The article identified some challenges to human capital development initiatives and made recommendations on how to improve them. The future development of any country depends on its workforce quality, and failure to pursue education beyond the basic level would limit people's participation and contribution to their nations. Thus, even though some African governments have made efforts to prioritize the education of their citizens by, for example, providing free education at the primary level and secondary level, efforts to promote a progression to higher education levels are needed.

Moreover, human capital development cannot be boosted only through the education system. That is, schooling is necessary but insufficient. This article provides policymakers and managers with relevant insight and useful advice at the practical level. It also promotes collaboration at societal and organizational levels to offer work-based learning opportunities. Through their knowledge of a rapidly changing global marketplace and skills needed for the twenty-first-century workplace, organizations can help policymakers develop effective human capital development programs. They can also support the educational and TVET systems by providing students with opportunities to learn practical workplace skills. Capitalizing on such opportunities will help them secure a qualified workforce. This study involves many limitations that should be noted. Given the limited research on human capital development initiatives in SSA, countries were selected based on data availability. Future research should conduct an integrative literature review on human capital development initiatives in single African countries, enabling an in-depth comparative analysis.

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## **Chapter 2: Influence of the Host Country's Institutional Factors on Training and Development Practice Transfer to Western Countries MNCs' Subsidiaries: The Case of French and US MNCs in Ivory Coast**

### **Résumé**

La littérature existante sur les déterminants du transfert des pratiques organisationnelles indique que le contexte institutionnel du pays hôte limite le processus de transfert. Cependant, une grande partie de la littérature s'est concentrée sur les pays développés et émergents, et on en sait peu sur les pays en développement, en particulier ceux d'Afrique. En s'appuyant sur la théorie institutionnelle, cette étude examine l'influence de l'environnement institutionnel ivoirien sur le transfert de la pratique de formation et du développement des compétences dans les filiales de multinationales françaises et américaines. Des entrevues semi-dirigées ont été menées dans les filiales participantes. Nos résultats montrent que les institutions réglementaires, cognitives et normatives du pays hôte ont facilité le transfert de la pratique. En d'autres termes, les facteurs institutionnels du pays hôte sont des déterminants importants du transfert de la pratique dans les pays en développement d'Afrique comme la Côte d'Ivoire. **Mots clés** : théorie institutionnelle ; transfert ; pratique de formation et de développement des compétences ; Côte d'Ivoire.

## **Abstract**

The existing literature on determinants of organizational practices transfer indicates that the host country's institutional context limits the transfer process. However, a great deal of the literature has focused on developed and emerging countries, and little is known about developing countries, particularly those in Africa. This study investigates the influence of the Ivorian institutional environment on T&D practice transfer to French and US MNCs' subsidiaries, drawing on institutional theory. In-depth interviews in the participating subsidiaries were conducted. Our findings show that the host country's regulative, cognitive and normative institutions have facilitated the practice transfer. In other words, the host country's institutional factors are important determinants of T&D practice transfer in developing countries of Africa like Ivory Coast.

**Keywords:** institutional theory, forward transfer, T&D practice; Ivory Coast.

## 2.1 Introduction

Over the last years, several African countries have witnessed significant economic progress and rapid population growth. In most Sub-Saharan Africa countries, the working-age population (25 to 64 years) is growing faster than other age groups. It is projected to rise for several decades, from 35 percent in 2019 to 43 percent in 2050 and 50 percent in 2100 (UN, DESA, Population Division, 2019). The region's GDP per capita increased from 1.373.137 USD in 2009 to 1.585.436 USD in 2019 (World Bank, 2020). Consequently, many developed countries' multinational corporations (MNCs) searching for new markets and workforce have expanded their operations across the continent. For example, the continent is home to Western and Asian countries MNEs such as Unilever, Vodafone, Huawei. However, one of the obstacles to the success of business organizations operating therein is the local labor market's lack of skills.

In the face of increased global competition, a well-trained and developed global workforce is critical to organizational success (Esteban-Lloret, Aragón-Sánchez, Carrasco-Hernández, 2016; Nikandrou, Apospori, Panayotopoulo, Stavrou, & Papalexandris, 2008) in the global marketplace. In recent years, T&D practice has been widely regarded as a useful tool for disseminating organizational competencies across MNCs' global operations to enhance their international competitiveness (Hartman & Elahee, 2013; Taylor, Beechler & Napier, 1996). It is defined as “the systematic acquisition and development of the knowledge, skills, and attitudes required by employees to perform a task or job adequately or improve performance in the job environment” (Tharenou, Saks & Moore, 2007, p. 252). Since the lack of skills is an issue of concern in most developing countries of Africa (Kamoche, 2011), we argue that Western countries' MNCs will tend to transfer T&D practice to their African subsidiaries to address skill shortages.

Research suggests that the transfer of HRM practices from MNCs to their overseas subsidiaries may be problematic. In these studies, however, the transfer of T&D practice was not the focus but rather part of an extensive HRM practices array. Moreover, most of these studies have focused on developed and emerging countries, and little is known about developing countries, particularly those of Africa. Yet, the tremendous economic growth and

increased international business activities in Africa over the last decade mandate the need for such studies. The purpose of this study is to examine the influence of the host country's institutional factors on T&D practice transfer to French and US MNCs' subsidiaries in Ivory Coast. Specifically, it aims to answer the following questions: what factors originating from the Ivorian institutional and cultural environment influence the transfer of T&D practice in subsidiaries of French and US MNEs? How do these factors influence such transfer?

We chose to conduct this investigation on French and US subsidiaries in the Ivorian context for several reasons. First, Ivory Coast reflects in many ways some of the characteristics – especially those related to the labor force issue of concern – that are common to most Sub-Saharan African countries. As mentioned earlier, the labor force in most developing countries of Africa often lacks MNCs' skill sets. This issue is of particular importance to MNCs' success and for the country's long-term growth and competitiveness in the global market. Our focus on T&D, a practice that bears strong imprints of the home country, can lead to tensions between MNCs and their developing host countries (Vo & Hannif, 2012), yet is central to organizational success. Second, we focus on French and US MNCs' subsidiaries because they are the country's leading foreign investors. Third, to our knowledge, no study exists on the transfer of HRM practices in MNCs operating in Ivory Coast. Therefore, this study is the first of its kind to offer an in-depth analysis of the transfer of HRM practice from French and US MNCs to their subsidiaries in Tunisia.

This paper is organized as follows. The next section provides a literature review on organizational practice transfer determinants, followed by our conceptual framework. We then explain our methodology. Finally, we discuss the findings, implications, and limits of our research.

## **2.2 Literature review**

In MNCs' context, the transfer of an organizational practice from one unit (the transferring unit) to another (the recipient unit) has been conceptualized in three dimensions: implementation, integration, and internalization. Implementation, also referred to as replication, is the extent to which the transferred practice from the headquarters is in use in

the subsidiary (Ahlvik & Björkman, 2015; Kostova, 1999). Integration is the degree to which practices transferred from the transferring unit are connected to other HRM practices in the recipient unit (Björkman & Lervik, 2007; Ahlvik & Björkman, 2015). Internalization is the extent to which management at the recipient unit attaches symbolic meaning and value to the implemented practices (Ahlvik & Björkman, 2015; Björkman & Lervik, 2007; Kostova, 1999).

Transferring organizational practices is critical for MNCs for several reasons. For example, it can help MNCs manage their external legitimacy (Kostova & Zaheer, 1999) and enable them to achieve global efficiency (Chiang, Lemanski & Birtch, 2016) through the coordination (Budhwar & Sparrow, 2002) and integration of international operations (Lertxundi & Landeta, 2012). It can also enhance organizational learning (Schmitt & Sadowski, 2003) by enabling parent companies and their overseas subsidiaries to benefit from each other's expertise practices mutually. Moreover, it can help promote a shared corporate culture (Smale, Björkman & Sumelius, 2013) and build consistency (Björkman & Lervik, 2007) within MNCs. In light of the above, it is relevant to understand the factors influencing the transfer of MNCs' organizational practices.

Three types of transfer of organizational practices within MNEs have been identified in the literature: forward transfer, reverse transfer, and horizontal transfer (see Edwards, 1998; Kostova, 1999). A forward transfer is defined as the transfer of organizational practices from parent companies to their foreign subsidiaries; reverse transfer refers to the transfer of organizational practices from foreign subsidiaries to their parent companies; and horizontal transfer is the transfer of organizational practices among subsidiaries (Kostova, 1999). For this study, we focus on the forward transfer of HRM practices – particularly on the forward transfer of T&D practice – from French and US MNCs' subsidiaries in Ivory Coast.

### 2.2.1 Determinants of organizational practices transfer

Existing studies on the determinants of organizational practices transfer within MNCs at country, organizational, and individual levels have been informed by several factors, broadly categorized as external factors, internal factors, and individual factors. External factors are related to the country's institutional and cultural environment; organizational factors are

associated with the internal environment of the MNC, and individual factors are characteristics related to transferors and recipients of the practice.

For external factors, early studies have examined subsidiary practices from a culturalist perspective by focusing on national culture's influence on the transfer of organizational practices. Within this line of research, some argue that the host country's national culture affects organizational practices. As a result, MNCs should adapt their practices to the host country's social and cultural norms (Laurent, 1986; Schneider, 1988). National culture has been defined as the values, beliefs, and assumptions embedded in a country (Hofstede, 1985; Hofstede, 1980). Several researchers have proposed conceptual frameworks based on various dimensions along these lines along which cultural traits can be analyzed (see Hofstede, 1980; House, Hanges, Javidan, & Dorfman, 2004; Trompenaars, 1993). Originally, Hofstede identified four (04) major orientations: *power distance*, *individualism-collectivism*, *masculinity-femininity*, *uncertainty avoidance*, to which he later added two (02) more: *long-term versus short-term* and *indulgence versus self-restraint* orientations. *Power distance* is defined as the degree to which members of a society expect and agree that power should be unequally shared between bosses and subordinates (Hofstede, 1980). *Individualism versus collectivism* focuses on relationships between the individual and the group. *Uncertainty avoidance* refers to the extent to which people feel threatened by uncertain or ambiguous situations and how they adapt to changes and cope with uncertainty. *Masculinity versus femininity* refers to the extent to which a society stresses achievement versus nurture. *Long-term versus short-term orientation* refers to the extent to which a society is focused on the future versus on the present. In studying the impact of national culture on compensation practices variations across firms, Schuler and Rogovsky (1998) found that Hofstede's first four cultural dimensions are associated with compensation practices in MNCs subsidiaries worldwide. Trompenaars (1993) focused on different aspects of culture: *universalism versus particularism* (emphasis on rules versus relationships), *individualism versus communitarianism* (the individual versus the group), *neutral versus emotional* (the range of emotions expressed), *specific versus diffuse* (the range of involvement with other people), *achievement versus ascription* (the basis for according status to other people), *sequential time versus synchronous time* (how people manage time), *internal direction versus outer direction*

(how people relate to their environment). Recently, House et al. (2004) categorized countries on nine (09) cultural dimensions: *assertiveness* (the extent to which individuals are confrontational and aggressive in their relationships with others), *future orientation* (the extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future), *gender differentiation* (the degree to which a collective minimizes gender inequality), *uncertainty avoidance*, *power distance*, *institutional collectivism* (the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action), *in-group collectivism* (the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families), *performance orientation* (the degree to which a society encourages and rewards group members for performance improvement and excellence), and *humane orientation* (the degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others). Other researchers (e.g., Beugelsdijk & Mudambi, 2013; Shenkar, Luo, & Yeheskel, 2008) argue that the extent to which MNCs can transfer organizational practices to their foreign subsidiaries depends on cultural distance (i.e., the difference in the cultures) of host and home countries. When this distance is small, the transfer of MNCs' organizational practices would be relatively unproblematic because subsidiaries' staff can easily assimilate it. However, when this distance is great, the transfer of MNCs' organizational practices is more likely to be problematic. In studying the transfer of HRM practices from foreign MNCs to Russia, Latukha et al. (2020) found that countries whose values were close to those in Russia tended to use exporting strategies to transfer their HRM practices. Accordingly, the researchers argued that closeness of cultures allowed copying and effectiveness of transferred HRM practices as the headquarters and subsidiary were both on the same page and had a mutual understanding of the practices. This suggests that the cultural environment of the host country can impede the transfer of parent organizational practices. Another group of scholars has examined subsidiary practices from an institutional perspective by focusing on the influence of the institutional environment on the transfer of organizational practices. Central to this approach is that organizations searching for legitimacy and recognition are under pressure to adapt and be consistent with their institutional environment (DiMaggio & Powell, 1983; Scott, 2014). Consequently, organizations operating in the same institutional environment



are likely to employ similar practices and become isomorphic with one another. Following this argument, studies (e.g., Cooke, 2014; Farndale & Paauwe, 2007; Gooderham, Nordhaug & Ringdal, 1999; Pasamar & Alegre, 2015; Thite, Wilkinson, & Shah, 2012) have found evidence of differences in MNCs' adoption of organizational practices in different countries. According to DiMaggio and Powell (1983), three major types of institutional pressures influence organizational practices: (1) coercive isomorphism, (2) mimetic isomorphism, and (3) normative isomorphism. Coercive pressures occur when firms operating in a given environment are required by powerful local organizations or institutions such as the government to comply with the local legal requirements (DiMaggio & Powell, 1983), receive benefits, and avoid sanctions. In this regard, they may be felt as force, persuasion, or invitation (DiMaggio & Powell, 1983). For instance, Esteban-Lloret et al. (2016) noted that in Spain, institutional actors such as the State, autonomous communities, and unions exert a kind of coercive pressure on companies to train their employees by compelling them to spend some of their resources on this issue. Normative pressures stem from the values, beliefs, and norms held by professionalization. Professionalization is the collective struggle of members of an occupation to define their conditions and methods of work, [...] and establish a cognitive base and legitimation for their occupational autonomy (DiMaggio & Powell, 1983, p. 152). Thus, normative pressures are often associated with universities, professional training institutions, and professional networks/associations (DiMaggio & Powell, 1983) of a given occupation and their interest in promoting professional norms. Mimetic pressures occur when organizations imitate, in response to uncertainties, the practices of other organizations they perceive to be successful or pioneers (DiMaggio & Powell, 1983; Esteban-Lloret et al., 2016) to attain legitimacy. This can create a pattern of the common usage of best practices. In line with this argument, Burbach and Royle (2014) found that MNCs operating in industries characterized by high competition were more likely to benchmark each other's best practices. Likewise, Cooke (2014) found that due to the acute shortage of skilled workers in India, Huawei had to compete for talent by modeling its HRM practices from western MNCs and flagship national firms in the same industry. The imitation of organizational practices may be disseminated through employee transfer, employee turnover, consulting firms, or trade associations (DiMaggio & Powell, 1983). This suggests that the host country's institutional environment may constrain MNCs' ability to transfer

organizational practices (Myloni et al., 2004). It was recently argued that MNCs' subsidiaries face two different types of pressures, also known as institutional duality, which stem from both their home and host countries. Kostova and Roth (2002) defined institutional duality as external pressures the foreign subsidiaries face to adopt host countries' practices and internal pressures they face within MNCs to conform to organization-based practices. For example, Ando (2011) observed that despite Japanese firms' ethnocentric orientation, their foreign subsidiary staffing decisions were affected by both internal and external institutional pressures. In institutional duality, the extent to which MNCs can transfer organizational practices to their foreign subsidiaries depends on the host and home countries' institutional distance. Institutional distance has been defined as the difference between the host country's institutional profile and the home country's institutional profile (Kostova, 1999; Kostova & Roth, 2002). The institutional profile, also known as Scott's (1995) institutional pillars, refers to the set of regulatory, cognitive, and normative institutions in a given country (Kostova & Roth, 2002) and corresponds to DiMaggio and Powell's (1983) coercive, normative and mimetic pressures respectively. The greater the institutional distance between the home and host country's institutional profile, the less likely the transfer will occur (Colakoglu & Caligiuri, 2008; Kostova, 1999). In contrast, the smaller the institutional distance between the home and host country's institutional profile, the more likely the transfer of organizational practice will occur (Geary & Aguzzoli, 2016). Latukha, Poór, Mitskevich, and Linge (2020) found that MNCs from Greece and Poland were able to export their HRM practices to Russia in the early 1990s because their institutions were similar to those in Russia due to the socialist influence, hence, the suitability of their practices for Russian realities. The researchers also highlighted that institutional differences between Russia and the other countries regarding compensation, labor protection, and other areas closely governed by local authorities might explain why integration strategy, rather than exportation strategy, was widely used during all periods. This suggests that the institutional environment of a host country can impede the transfer of parent organizational practices.

The second strand of studies focuses on the influence of organizational factors on the transfer of corporate practices. Concerning organizational factors, Kostova (1999) suggested that organizational practice transfer's success can be influenced by the general effect or practice-specific effect of organizational culture. In other words, organizational culture can also

influence the success of practice transfer. The general effect refers to the recipient unit's cultural orientation toward learning, innovation, and change. In contrast, the practice-specific effect refers to the compatibility between the values embedded within the transferred practice and the values underlying the recipient unit's culture. For example, Chang and Small (2014) found that most host-country management and employees challenged and resisted using the parent HRM practices because of their incompatibility with the culture of working long hours. Another group of scholars argued that relationships between subsidiaries and their parents play an essential role in the transfer of organizational practice. Along these lines, Kostova (1999) suggests two aspects of parent-subsidiary relationships that could affect the transfer of organizational practices: attitudinal relationships and power/dependence relationships. Attitudinal relationships refer to the recipient unit's degree of commitment to, identity with, and trust in the parent company. Commitment is the degree to which critical managers of the recipient unit are willing to put effort into practice transfer (Kostova & Roth, 2002). Identity refers to the degree to which these subsidiaries feel that they are part of the MNC (Kostova & Roth, 2002). Subsidiaries that identify with their parent share similar values and beliefs; thus, they have a better understanding of the meaning and value of the transferred practice for the company (Kostova & Roth, 2002). This lessens the effects of the "not-invented-here" syndrome (Bartlett & Ghoshal, 1989). Trust refers to the subsidiary's beliefs in the parent's good-faith commitment, honesty, and non-opportunistic behavior; this, in turn, reduces the uncertainty regarding the value of the practice for the recipient unit (Kostova, 1999). Kostova and Roth (2002) found that the relational variables of subsidiaries' trust in headquarters and identification with the parent organization were positively related to the transfer of organizational practices. Power/dependence relationships refer to the recipient unit's degree of dependence on the parent for various types of resources or outcomes (Kostova & Roth, 2002). It is suggested that the more dependent a subsidiary is on its parent for help, the more likely the organizational practices will be transferred from the parent to the subsidiary to facilitate the parent's control (Chang & Smale, 2014; Geary & Agguzoli, 2016). Chang and Smale (2014) observed that because subsidiaries were dependent on the MNC parent for critical resources, the parent-country staff, especially those in management positions, regarded expatriates and host-country staff as implementers and expected them to follow head office's HRM practices. Similarly, in studying the transfer of

HRM practice in a Brazilian MNC, Geary and Agguzoli (2016) observed that because the local Norwegian workers were dependent on the MNC's investment, they had to comply with management's request to change their remuneration scheme despite the presence of a strong trade union. They also found that the Brazilian MNC was able to maneuver its way successfully through the constraints of the Canadian institutional context because the relations of economic dependence between the State authorities and the MNC led the State to support the employer's interests. The extent to which the transfer of organizational practice takes place depends on the power relationship at the macro-political sphere and the micro-level of the MNC.

The third strand of studies has shown that in addition to societal and organizational factors, individual-level factors such as transferor and recipients (i.e., parent-country managers, expatriates, and host-country staff) can also influence the transfer of organizational practices. In studying the transfer of Taiwanese management practices to British subsidiaries, Chang and Smale (2014) found that expatriates' inability to communicate effectively with host-country employees, their lack of knowledge of transferred HRM practices due to their educational background, the failure of parent-country staffs to establish social relationships with subsidiary employees, and the unwillingness of subsidiaries' team to learn and retain practices created difficulties in implementing the transferred HRM practices. Subsequently, they argued that sharing a common language and vocabulary facilitates both the ability of subsidiary managers to access and obtain information from people in headquarters; this, in turn, helps them recognize the value of the proposed practices. Table 2 broadly summarizes our findings on the determinants of organizational practices transfer.

The last two decades have witnessed a growth of research on the cross-national transfer of organizational practices through MNCs' operations (e.g., Haak-Saheem, Festing & Darwish, 2016; Latukha et al., 2019; Sayim, 2010). In these studies, however, the transfer of T&D practice is generally not the focus but rather part of a group of HRM practices. Additionally, extant research on this theme has mostly focused on developed and emerging countries. Although research on the transfer of organizational practice has been conducted in the context of developing host countries (e.g., Cox & Warner, 2013; Maharjan & Sekiguchi, 2016; Vo & Hannif, 2012, Vo & Stanton, 2011), studies that focus on African countries remain little.

This research gap needs to be addressed because many MNCs from developed and emerging economies are entering African countries (see Horwitz, 2014). Their success will largely depend on the extent to which they can transfer their best organizational practice given the skills shortages in the local labor market.

Based on the above discussion, this research aims to contribute to the literature by investigating the transfer of T&D practice in the subsidiaries of French and US MNEs operating in a developing country of Africa, namely Ivory Coast. More specifically, it attempts to answer the following questions: what factors originating from the Ivorian institutional and cultural environment influence the transfer of T&D practice in subsidiaries of French and US MNEs? How do these factors influence such transfer? An empirical analysis is carried out from subsidiaries' perspective, using data from 11 qualitative case studies of French and US MNCs to answer these questions.

This research potentially offers two main contributions to the literature. First, it explores a new geographic area and a specific context, French and US MNCs in a former French colony. Second, it establishes the role of country-level institutions / institutional policies, as perceived by subsidiaries' employees, in the forward transfer of T&D practice despite institutional differences between home and host countries. Thus, our work may help MNCs in Ivory Coast understand how T&D transfer occurs in their Ivorian subsidiaries. Furthermore, knowledge about the country-level factors that influence the transfer of T&D practice can help MNCs decide where to establish their subsidiaries in Africa.

<b>Determinants of organizational practice transfer</b>	<b>References</b>
<p><b>Cultural / Institutional factors</b></p> <ul style="list-style-type: none"> <li>- Coercive, normative and mimetic pressures / Regulatory, normative and cognitive process / Institutional profile</li> <li>- Institutional distance / Cultural distance</li> </ul>	<p>Burbach &amp; Royle, (2014); DiMaggio &amp; Powell (1983); Scott (2001) Esteban-Lloret et al., 2016; Kostova &amp; Roth (2002)</p> <p>Ando (2011); Beugelsdijk &amp; Mudambi (2013); Burbach &amp; Royle (2014); Colakoglu &amp; Caligiuri, (2008); Myloni et al. (2004); Shenkar et al. (2008); Latukha et al. (2020)</p>
<p><b>Organizational factors</b></p> <ul style="list-style-type: none"> <li>- Organizational culture</li> <li>- Attitudinal relationships (commitment to, identity with, trust in the parent company)</li> <li>- Power / dependence relationships</li> </ul>	<p>Chang &amp; Smale (2014)</p> <p>Kostova (1999)</p> <p>Kostova &amp; Roth (2002)</p> <p>Burbach &amp; Royle (2014); Geary &amp; Agguzoli (2016); Ahlvik &amp; Björkman (2015)</p>
<p><b>Individual factors</b></p> <ul style="list-style-type: none"> <li>- Characteristics related to transferors</li> <li>- Characteristics related to recipients</li> </ul>	<p>Björkman &amp; Lervik (2007); Burbach &amp; Royle (2014); Chang &amp; Smale (2014)</p>

Table 2. Summary of determinants of organizational practice transfer

## 2.3 Conceptual framework

Research in IHRM indicates that the institutional perspective has been widely used to advance knowledge of the impact of the environment on HRM (García-Cabrera, Lucia-Casademunt & Cuéllar-Molina, 2019) and understand HRM practices across countries and foreign subsidiaries. Central to the institutional approach is that organizations that operate in a given institutional environment face pressures to adopt practices viewed as appropriate therein. Failure to conform to these demands reduces organizations' legitimacy (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 2001). Along these lines, it is argued that even though foreign subsidiaries are subject to replicating HRM practices prevalent in their parent (Maharjan & Sekiguchi, 2016), the host country's institutional environment may impose pressures to follow local practices. In such a context, foreign subsidiaries have to comply with local laws, rules, norms, and assumptions, which may challenge the transfer of HRM practices. According to DiMaggio and Powell (1983), three significant institutional pressures influence organizational practices: coercive, mimetic, and normative isomorphism. Recently, Scott (2001) has suggested three pillars of institutional processes: regulative, normative, and cognitive processes (corresponding to DiMaggio and Powell's coercive, normative and mimetic pressures, respectively), which Kostova and Roth (2002) referred to as institutional profile. These terms will be used interchangeably in this paper. Regulative institutions refer to employment legislation and the government (Farndale & Paauwe, 2007). Through coercive pressures, they may force, restrict or incentivize organizations' adoption of specific HRM practices (e.g., Esteban-Lloret et al., 2016; Farndale & Paauwe, 2007; Paik, Chow & Vance, 2011). A country's legislation linked to an efficient judicial/punishment system to guarantee compliance and sanction in case of non-compliance may coerce/restrict an organization's latitude in terms of HRM practices (Björkman, Fey & Park, 2007). In France, for example, there is a legal requirement for a minimum expenditure on training (Farndale & Paauwe, 2007), and failure to adopt training programs could result in sanctions (Esteban-Lloret et al., 2016). Baek, Kelly, and Jang (2012) found that legal mandates from the government have prompted employers to have work-family policies across Korean organizations. Regulative pressures that encourage the adoption of certain practices. For example, Paik et al. (2011) found that training cost tax incentives influence the adoption of some IHRM policies and practices. In a similar vein, Esteban-Lloret et al. (2016) highlighted

that companies are compelled to contribute financially to the employee training funding system to encourage them to adopt training programs. Normative institutions refer to the social values of a country, which define socially acceptable practices. They exert normative pressures on organizations by encouraging them to adopt HRM practices such as work-life balance because the beliefs surrounding these practices (Paauwe & Boselie, 2003) are embedded in the country's social values. Through normative pressures, HRM practices such as work-life balance become a moral obligation (Pasamar & Alegre, 2015) or a socially desirable practice (García-Cabrera, Lucia-Casademunt & Cuéllar-Molina, 2018). The desire to be in the vanguard in applying the latest HRM practices (Kroon, Van de Voorde, & Timmers, 2013) and openness to foreign HRM practices (García-Cabrera et al., 2018) are, among others, also related to social values. Social values are likely to be established by and disseminated through professional associations of HR managers (Björkman et al., 2007), professional networks, trade associations (DiMaggio & Powell, 1983). In other words, these institutions exert normative pressures through norms and rules regarding the appropriateness and benefits of HRM practices. For example, Pasamar and Valle (2015) found that managers' networks influence the adoption of work-life balance practices. Cognitive institutions refer to the imitation/modeling of competitors' practices. They exert mimetic pressures on organizations by providing them with acceptable practices to imitate (García-Cabrera et al., 2018). To reduce uncertainty caused by the everyday challenges they face in their country of operation, many organizations tend to mimic companies' HRM practices considered successful. Thus, cognitive institutions are based on the accumulated knowledge of successful HRM practices implemented by competitors. In such a context, awareness of best practices and their importance for employees is required from managers (Kroon et al., 2013). Mimetic pressures are likely to be disseminated through consulting firms, employee turnover, and employee transfer (DiMaggio & Powell, 1983).

Another way the host country's institutional context can affect practice transfer is through MNCs' subsidiaries' employees. According to Kostova and Roth (2002), the external institutional environment within which MNCs' subsidiaries operate shapes subsidiaries' employees' understanding, interpretation, and motivation to implement a new practice. In other words, MNCs' subsidiaries are subject to host countries' institutional influences through their employees who are carriers of institutions. A favorable institutional



environment will create positive judgments and motivation (Kostova & Roth, 2002). Kostova and Roth (2002) define it as one that contributes positively to adopting a practice through regulations, laws, and rules supporting the practice; through cognitive structures that help people understand it; and through social norms.

Finally, this research focuses on the implementation of parents' T&D practice in their subsidiaries (Ahlvik & Björkman, 2015; Kostova, 1999) to assess T&D practice transfer. The conceptual framework of the study is summarized in figure 2.

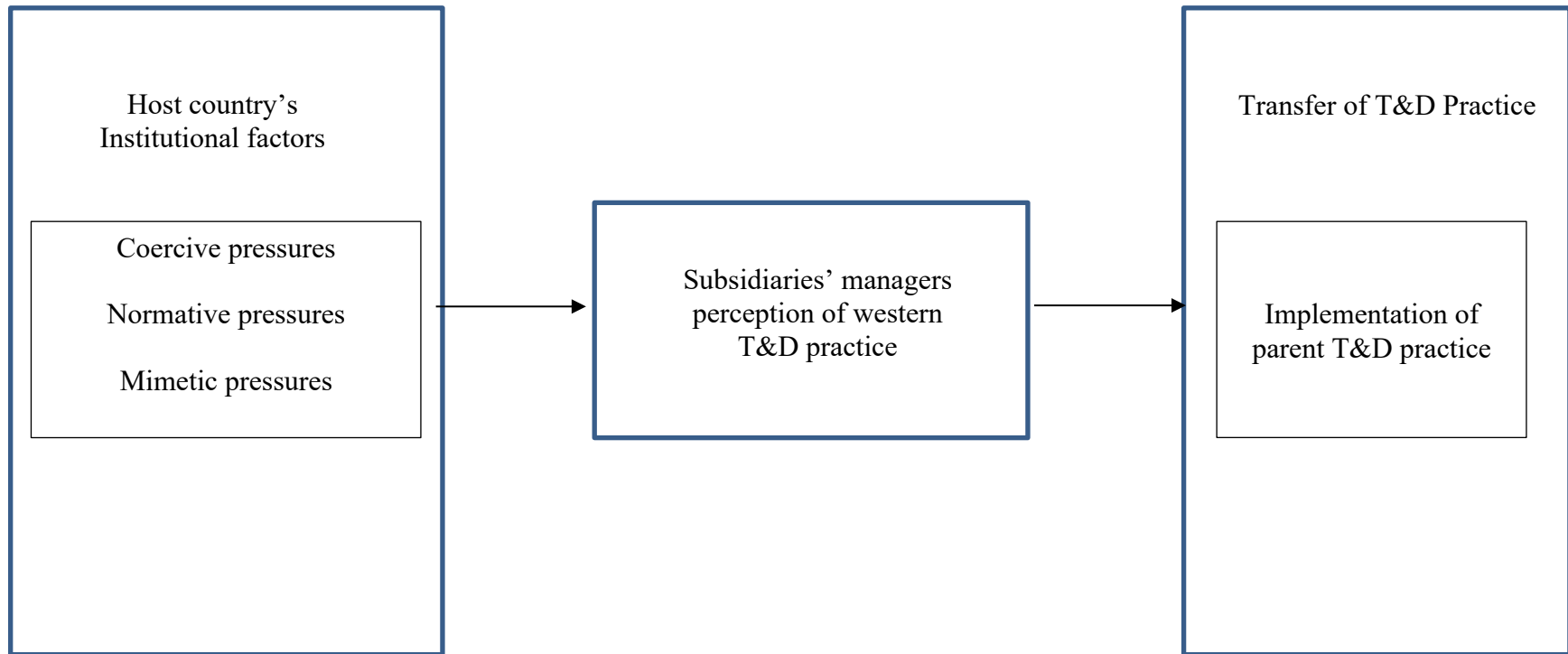


Figure 2. Conceptual framework

## **2.4 Research Method**

The transfer of T&D practice from developed countries MNEs to developing countries has not been the subject of significant scientific studies, particularly in the African context. Yet, with increased globalization, several developed countries MNEs have been expanding their operations across the continent, and thus transferring western HRM practices such as T&D. Given the exploratory nature of the study, we used a multiple case approach. Having emerged as the dominant qualitative research method in international business (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mäntymäki, 2011), this approach focuses empirically on a contemporary phenomenon within a real context while spanning several investigation sites (Yin, 2009, Yin 2011). It uses various information sources while offering more flexibility (Denzin & Lincoln, 1994; Stoecker, 1991) in a new research context.

### ***Sample and data collection***

Since little is known about the topic under investigation in the country, the qualitative approach is an appropriate methodological choice (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Tsang, 2014; Yin, 2014). Not only does it enable data collection that is not constrained by predetermined categories of analysis, but it also allows for a level of depth and detail that quantitative methods cannot provide (Langley, 1999). This qualitative study's data were drawn from a random sample of companies operating in the service industry. We were interested in companies that operate in the service sector because it has emerged as one of the country's leading sectors in foreign direct investment (FDI), revenue generation, and employment creation. As evidence of this, this sector contributed 3.4 percentage points to real GDP growth in 2018 (African Development Bank Group, 2020). Moreover, it is one of the most thriving sectors in Ivory Coast, with many leading Western companies operating therein.

The key selection criterion was the age of the subsidiary. Since T&D practice promotes knowledge sharing, we adopted an age referential of 3 years minimum as it is considered significant for learning to occur (Chrysostome & Su, 2002; Lyles & Salk, 1996). Another criterion is that the companies must be subsidiaries of French and US MNEs as these are the leading foreign investors in the country. The same standards were applied to recruit

individual participants. To ensure that interviewees were familiar with their company's T&D practices, they must have worked with their respective organizations for at least three years.

The Chamber of Commerce provided us a list of firms established in Ivory Coast. A group of 16 companies was initially identified as the research sample, but we obtained access to 11. Potential respondents were assured that participation was entirely voluntary and confidential. The final sample size included 44 interviews in 11 MNEs generated from 16 firms initially approached.

Due to the cultural environment, semi-structured in-depth face-to-face interviews were used to gather data on the transfer of T&D practices of French and US MNEs based in Ivory Coast from the subsidiaries' perspective. This interviewing method provides respondents with a degree of freedom to explain their thoughts and to interpret and describe phenomena in their own way (Humphrey & Lee, 2004). The interview process was conducted for three months, from June to August 2018, in Ivory Coast. The interviews lasted about 60 minutes.

A total of 44 interviews were conducted with various actors at the subsidiaries. To protect the privacy of the companies, we gave referent names to each. Table 3 shows the information on the companies and the position of participants. Interviewees comprised HR managers and non-HR staff. They had between 5 and 20 years of work experience within their respective organization and were therefore familiar with their company's T&D practice. To ensure data reliability, we asked them to confirm the transcripts' accuracy (Lincoln & Guba, 1985). In addition to data generated from the in-depth interviews, we reviewed provided documents on organizational HRM policies and practices. Moreover, outside interviews were conducted with two officials from FDFP (*Fonds the Développement de la Formation Professionnelle*) to gather valuable information on the local environment in which the companies operate. FDFP is a national training fund established by the government to promote training support among companies. In turn, companies are required to contribute 1.6% of their payroll to this funding system. By bringing views of related actors and institutions and their interaction into the picture, the research aims to achieve the multi-perspective nature of case study research

(Snow & Anderson 1991, p. 154). We also relied on multiple sources for data triangulation (Teddlie & Tashakkori, 2006).

With the main aspects of the integrative framework in mind, questions were formulated with a strong focus on the influence of institutional factors on the transfer of T&D practice in MNCs. The interview guides were prepared in English and translated into French using the back-translating method (Brislin, 1970; Brislin, Lonner & Thorndike, 1973). The questionnaire consisted of 5 significant parts. Through the questions included in the first two parts, we gained some descriptive information about respondents and the companies they represented: i.e., personal data about the respondents and core information about the subsidiaries and their country of origin. The third block of questions helped us assess the host country's institutional environment, using DiMaggio & Powell's (1983) institutional framework and the host country's cultural environment using Hofstede's (1980) framework. Block four enabled us to evaluate subsidiaries' managers' perception of the transferred practice. In contrast, block five helped us to assess the transfer/implementation of parent companies' T&D practice at the subsidiaries, using T&D methods (see Martin et al., 2014) and contents. Overall, 2 of the 44 interviewees refused permission to record their interviews; in these cases, intensive notes were taken. The other 42 interviews were recorded and then transcribed.

### ***Data analysis***

The data collected through interviews and documents were encoded and rearranged into conceptual categories to facilitate relating the information to the research questions and formulate conclusions (Ghauri & Gronhaug, 2002). To increase internal validity, within-case and cross-case analysis were conducted by linking the data collected and the documents consulted (Yin, 2009). The within-case analysis led to a description of the transferred T&D practice and a comparison between responses of interviewees in each case; the latter led to an examination of similarities and differences between themes emerging from the 11 MNEs and the identification of factors that influence the transferred T&D practice.

## 2.5 Findings

The article examines the influence of institutional and cultural factors on T&D practice transfer to French and US MNCs' subsidiaries in Ivory Coast. We frame the analysis of our findings around three themes: (1) transfer of T&D practice, (2) host country's institutional pressures, and (3) subsidiaries' managers' perception of transferred T&D practice. Figure 3 summarizes our findings.

### 2.5.1 Transfer of T&D Practice

Two major categories of T&D were identified: in-house training and off-site training. The former includes on-the-job training and on-site training, whereas the latter includes training in higher institutions of continuous education (at home and abroad). On-the-job training occurs in all subsidiaries. This type of training combines learning by observing more experienced staff and learning by doing. All but three subsidiaries have established on-site training. This type of training usually occurs within the company. It involves in-house facilitators such as on-site experts, experts from headquarters, experts from other subsidiaries, and outside trainers such as consultants. It is important to note that 3 of these subsidiaries have their internal training center. Finally, 8 out of the 11 subsidiaries engage in off-site training; that is, they often send their employees to local or overseas institutions that focus on managers' continuous education and development.

#### *Implementation of Parent T&D practice*

The first stage of the analysis was to consider similarities and differences across subsidiaries, looking for examples of T&D methods and contents across the case companies. We found that all our case companies have implemented transferred T&D from the headquarters. In other words, practices transferred from the headquarters are in use in the subsidiaries. The most common transferred T&D methods to emerge are lecture, coaching, and mentoring. All subsidiaries use lectures as a training method. In ExpertCo2 (a US subsidiary in the consulting industry) for example, interviewees reported attending classes as a means for completing specific relevant training and accessing standardized learning. All subsidiaries also use coaching or mentoring as a method of training. Coaching, which is more career-related with short-term performance, involves setting goals and providing practical

application and feedback. In contrast, mentoring is a long-term relationship with a focus on general development. Through these training methods, the more experienced staff can transfer knowledge and skills to newer or less experienced employees to advance their careers. For example, in ExpertCo1 (a US subsidiary in the consulting industry), mentoring and coaching were described as encouraging a continuous learning culture, building individuals' career paths, and being central to their success. The most common training methods in French subsidiaries are lecture and coaching, whereas the most common training methods in US subsidiaries are lecture, coaching, and mentoring. In all our case companies, T&D contents covered both technical and managerial skills. While 5 of the 7 French subsidiaries (Tranco1, Tranco2, Insuco1, Insuco2, Bankco2) focused heavily on technical skills, all 4 US subsidiaries showed a strong combination of technical and organizational skills.

#### 2.5.2 Institutional factors

Exploring the host country's institutional environment, we found that the host country's institutions influence the transfer of T&D practice through subsidiaries' managers' perception of western T&D practice. What is remarkable is that these institutional factors promote, rather than hinder or constrain, the transfer of T&D practice. More specifically, we found that these institutional factors contribute to the implementation of transferred T&D practice by influencing subsidiaries' managers' perception of such practices.

The government's legislation provides favorable institutional support to T&D practice transfer. Our findings show that foreign and local firms must contribute 1.6% of their annual salary bill to FDFP funding systems for employee training, encouraging them to train their employees. There is a legal requirement for a minimum spend on training, which creates a universal practice of high training spending. However, no law pressures them to train or follow particular T&D practices, and there are no sanctions for failure to do so, as mentioned by our interviewees. The companies are not forced by legislation to adopt local HR practices to operate in the country. Thus, all our case companies, without exception, enjoy considerable autonomy and freedom in transferring T&D. For example, Bankco1 (a French subsidiary in the banking industry), expressed that local legislation was a primary driver for transferring

T&D practice. These allegations were corroborated by FDFP officials who were interviewed. The following comments illustrate our findings:

*We are required to pay 1.6% of our annual salary bill to FDFP for employee training and development, even though there is no obligation to subsequently train our employees. [...]. After examination, advisors at FDFP can accept or deny our funding request for certain types of training. They can also make suggestions regarding the various kinds of training programs they think might be suitable for us based on the training plan that we submit to them. However, they don't impose on us how to train and develop our employees. This makes it very easy for us to introduce our parent's T&D practice [...] (HR manager - Tranco1, French subsidiary, transportation and logistics sector)*

*All legally registered companies must contribute 1.6% of their annual salary bill to the funding system. [...]. Here at FDFP, part of our task consists of evaluating funding requests submitted to us by companies and advise them. Our decision to accept or reject part of or the entire request is based on a certain number of criteria. Although we can recommend them, we do not force them to comply with our suggestion. Thus, they are free to train and develop their employees as they want (Official 1, FDFP)*

Our interviews indicate that the professional association of HR managers (APRHCI) has, to some extent, contributed to the transfer of T&D practice by exposing. All HR managers acknowledged that APRHCI had provided a supportive environment for T&D practice transfer by giving them opportunities to learn about the value of western T&D practice, especially those from Europe and the USA, and the benefits of implementing them. For example, we found that HR managers of all our case subsidiaries were members of APRHCI and attended yearly meetings organized by the association. In these meetings, delegates are allowed to present western T&D practices that they have implemented in their company and how they benefited them. Along these lines, our interviewees expressed that attending APRHCI meetings has been an excellent opportunity for them to acquire and develop



knowledge related to the importance, benefits, and implementation of western T&D practice. This, in turn, has motivated them to implement their parent T&D practice. The following statement illustrates our findings:

*APRHCI offers us the opportunity to learn about and discuss the latest HR practices and tools through different training seminars, conferences. [..]. Attending these meetings have not only reinforced our understanding of the importance of transferred T&D practice but also enabled us to implement the (HR manager-Expertco1, US subsidiary, audit, tax and advisory industry)*

*At our APRHCI meetings, we are constantly reminded of Western training and development practice's importance and value. This has educated us further on the significance of implementing such practice, and [...] we were able to execute some of our parent T&D methods (HR manager-Bankco2, French subsidiary, banking sector)*

Our interviews indicate that the education system attended by subsidiaries managers has also created a favorable environment for the transfer of T&D practice by exposing subsidiaries' managers to western T&D practices and their benefits. We found that all subsidiaries' management comprises people who attended universities/professional training institutions at home or in western countries, including subsidiaries' home country. Whether they were educated at home or abroad, they were all exposed to western ways of doing things, making it easier for them to understand and accept transferred T&D practices. For example, all 11 French and US subsidiaries mentioned that even managers who attended local universities were instructed in French, and the knowledge transmitted is French-based. Thus, they were exposed to the outstanding reputation of western countries' management practices from an early stage, which in turn allowed for their openness to transferred T&D practice and their implementation thereof. Likewise, a number of these managers who studied in the country made mention of the fact that because the local education system is modeled along with the French system, they were exposed to the reputation of western practices as being best

practices, and this, in turn, drove them to accept the transferred practices. The following comments illustrate our findings:

*The education system of western countries has exposed many of our managers to the importance and value of transferring our parent training and development practice. As a result, they are inclined to adopt such practice [...] Also, as you already know, the Ivorian education system is French-based. Thus even our managers who studied here have been exposed to and are acquainted with the value of western training and development, which in turn facilitate the transfer of the practice (HR manager – Expertco3, US subsidiary, audit, tax and advisory industry)*

*The Ivorian education system has been modeled along with the French system, so we are acquainted with the popularity and good reputation of western countries' organizational practices, and because we want to get where they are, we are pretty much receptive to the transfer of our parent training and development practice (Manager – Insuco1, insurance sector)*

The environmental uncertainty and difficulties caused by skills shortages in the Ivorian labor market provided institutional support for transferring T&D practice to western subsidiaries. First, we found that the Ivorian local labor market is characterized by skills deficiency and a shortage of highly qualified workers. As a result, companies imitate successful competitors' behavior in coping with this environmental uncertainty by engaging in the transfer of their parent training and development practice. For example, all 11 French and US subsidiaries acknowledged that they mimic one another by transferring their parent T&D practice. The following comments illustrate our findings:

*As you already know, in a developing country like Ivory Coast, the labor force is not as skilled as required, and we are also confronted with a shortage of good managerial and technical skills. [...] In such context, we follow our key competitors in the industry and imitate them by also transferring our parent's*

*T&D practice (Executive manager-Expertco1, US subsidiary, audit, tax and advisory industry)*

We also found that the competitive and regulated nature of subsidiaries' operation sectors also supported T&D practice transfer. All 11 subsidiaries, without exception, all 11 subsidiaries have reported facing competitive pressures to meet customers' demands and expectations for service quality and pressures to comply with regulatory requirements to avoid prosecution from regulatory bodies and a bad reputation. In such a context, a well-trained and developed workforce becomes a strategic objective; thus, the transfer of parent T&D practice. The following statement illustrates our findings:

*We are a services provider in a very competitive and regulated sector. Our sector of activity is highly competitive with influential transnational players. Thus, clients' satisfaction with our services is vital to remain competitive. [...] Moreover, some regulators can check the quality of our work and prosecute us for misconduct such as non-compliance with professional standards, which in turn could result in severe consequences such as suspension or loss of license. Some clients can complain and sue us for poor service delivery. In this regard, we have implemented our parent T&D practice to ensure that our employees have the necessary knowledge, skills, and ability to compete effectively and as a preventive measure against prosecution for poor work performance (Executive manager-Expertco4, US subsidiary, audit, tax and advisory industry)*

### 2.5.3 Subsidiaries' managers' perception of parent T&D practice

Last but not least, we found that through subsidiaries' managers, the host country's institutional environment was able to contribute to the transfer of T&D practice. All 11 subsidiaries acknowledged that the normative and cognitive institutional processes have positively influenced their understanding of the value and potential benefits of western T&D practices for their subsidiaries and made them receptive to their transfer, thus their implementation. For example, some participants mentioned that the various learning opportunities provided to them by *APRHCI* had strengthened their understanding of the value

and benefits of parent T&D practice transfer. As a result, they were receptive to parent T&D transfer. The following comment illustrates our findings:

*APRHCI is a platform for knowledge and experience sharing. Attending their meetings has reinforced my understanding of the potential benefits related to the use of western training and development practice in our company. [...] Implementing headquarters practice has enabled us to improve our employees' knowledge and skills to a level that maintains competitiveness in this industry. This was definitely worth the transfer (HR Manager, Tranco1, French subsidiary, shipping and transportation industry)*

Our data have also revealed that the labor market condition has helped subsidiaries' managers understand the value and benefits of adopting their parent T&D practice. For example, all 11 subsidiaries reported their ability to provide foreign T&D practice as the most cited reasons for employees to work for them during their recruitment interviews. Likewise, all interviewed subsidiaries' managers acknowledged that opportunities for western T&D practice strongly influenced their decision to work for their respective organizations. Since subsidiaries recruit most of their employees from the local labor market, they have no other choice but to compete against one another to attract and retain the few skilled workers present. This made subsidiaries' executive managers and HR experts understand the value and benefits of implementing parent T&D practices in workforce attraction, development, and retention. The following comment illustrates our findings:

*From our recruitment interviews, we know that many of our current employees left their former employers because of their desire to be equipped with the most up-to-date skills and knowledge in our sector. In most cases, only subsidiaries of western multinationals like our company can provide them with such opportunities [...]. Since we are aware of staff needs and understand the importance of western training in addressing their needs, part of our strategy to secure a qualified labor force and not be a victim of domestic brain drain is to*

*adopt our parent training and development practice (HR manager-Expertco2, US subsidiary, audit, tax and advisory industry)*

*The labor market is tight. [...]. In such a context, the competition for a skilled and well-qualified workforce is fierce, and poaching is popular. Employees are also seeking opportunities for foreign training and development practice. Thus, we understand that transferring training and development practice from our parent is a priority if we don't want to lose our few competent employees to our competitors (HR manager-Expertco1, US subsidiary, audit, tax and advisory industry)*

*The skill deficiency in the labor market has helped us understand that adopting our parent training and development practice can help ensure our employees have the knowledge and skills necessary to provide our customers with quality products and services (HR Manager, Bankco 1, French subsidiary, banking industry)*

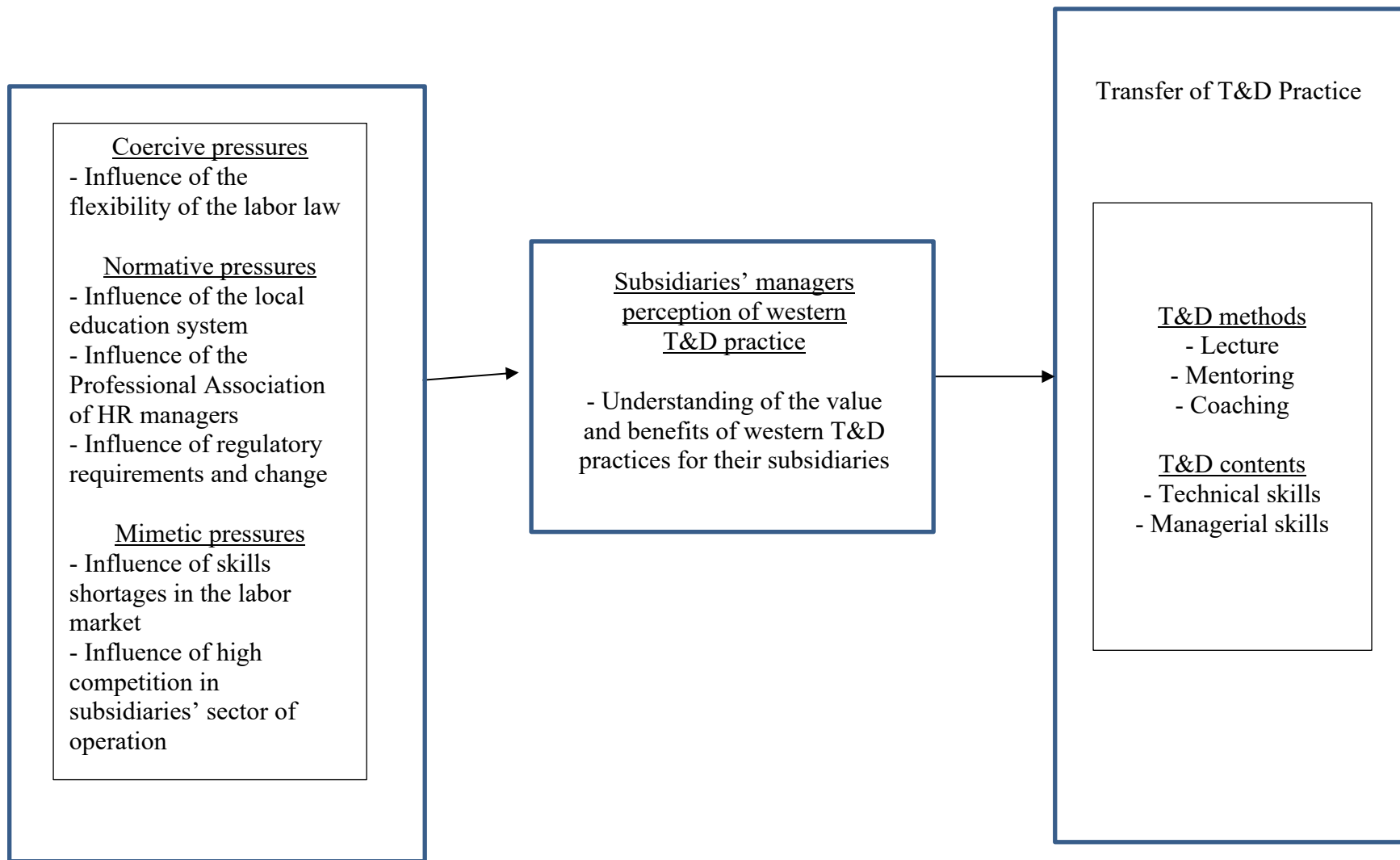


Figure 3. Summary of findings

## 2.6 Discussion

This paper investigates the influence of the Ivorian institutional environment on T&D practice transfer to French and US MNCs' subsidiaries. Existing studies (see Burbach & Royle, 2014; Myloni et al., 2004) have shown that the host country's institutional environment inhibits the transfer of practices unless these practices are adapted to the local context. For example, Myloni et al. (2004) found that compensation practices such as fringe benefits are very difficult or even impossible to transfer to the Greek environment because they are not in line with labor regulations. For performance appraisal, they found that even though MNCs have achieved a considerable degree of transfer of their performance appraisal practices to their subsidiaries, it is not common for peers and subordinates to participate in the performance appraisal process. Moreover, almost none of the subsidiaries implemented the 360-degree performance appraisal, although most of their headquarters make use of this practice. They state that their findings support the argument that certain HRM practices are more localized and affected by the host country's institutional environment. Ando (2011) noted that despite Japanese firms' ethnocentric orientation, their foreign subsidiary staffing decisions were influenced by both internal and external institutional pressures. Burbach and Royle (2014) reported that the US-based e-HRM system required adaptation as the German institutional environment was not favorable to its straightforward transfer. They found that PeopleSoft software didn't account for the German legislative framework; thus, additional pages had to be incorporated on the e-HRM system to comply with the institutional environment. Latukha et al. (2019) argued that institutional differences between Russia and the other countries, regarding compensation, labor protection, and other areas closely governed by local authorities, might explain the popularity of integration strategy rather than exportation strategy. Unlike the aforementioned studies, our findings indicate that the host country's institutional environment does not always inhibit transfer of practices to French and US MNCs' subsidiaries in the context of a developing country of Africa. We found that the Ivorian regulatory, normative, and mimetic institutional processes have promoted the transfer of T&D practice to French and US MNCs' subsidiaries. Several explanations are possible for this finding. We highlight four.

First, there is the permissiveness of the host country. We found that the absence of statutory provisions to follow particular/local T&D practices promoted the transfer of T&D practices from parents to their subsidiaries. This could be explained by the fact that, like in many developed countries (Maharjan & Sekiguchi, 2016), HRM in Ivory Coast is in infancy. Also, a structured Ivorian style HRM is yet to be established. In such a context, there are no standardized/formalized/particular T&D practices that organizations must follow. Consequently, our case subsidiaries enjoy considerable autonomy and freedom in implementing their parent T&D. This lends support to Maharjan and Sekiguchi's (2016) argument. According to them, HRM practices in developing countries are not established or standardized as those of developed countries. For example, most companies in Côte d'Ivoire are small (Ouattara, 2006). Generally, small companies tend to manage their employees in an ad hoc manner due to a lack of organizational and financial resources. However, it is assumed that foreign MNCs' subsidiaries implement standardized HRM practices from their parent due to the lack of standardized practices in developing host countries. We also found that even though all companies must make a required payment to FDFP, no law forces them to follow particular/local practices. There are also no sanctions for failure to adopt training programs. This finding provides evidence to support the characterization of Ivory Coast as a permissive host-business country. In contrast to a highly regulated and distinctive host-country environment, permissive host countries impose little, if any, to no constraint on the transfer of HRM practices (Whitley, 1992). Thus, MNCs are less constrained in introducing country of origin practices in a permissive institutional framework (Myloni et al., 2004). On a similar accent, Quintanilla, Susaeta, and Mangas (2008) argued that the host country's national business systems' openness/receptibility towards imported practices and policies determine the successful implementation of transferred HRM practices by MNCs subsidiaries. An explanation to this finding could be attributed to Ivory Coast's desire to create an enabling business environment to attract FDIs. In such a situation, it was essential to establish a legal regulation that is amenable to the transfer of MNCs' T&D practice (Ayentimi, Burgess & Dayaram, 2018). As a former French colony, Ivory Coast maintains close ties with France, contributing to its economic development and political stability. According to the French Ministry for Europe and Foreign Affairs, France is Côte d'Ivoire's second-largest trading partner. The total revenue generated by French companies accounts



for about 30% of Côte d'Ivoire's GDP. Ivory Coast has also benefited from France's considerable financial support over the years to exit from the crisis. These include a bilateral debt restructuring that led to the cancellation of \$455 million debt in 2009 and a loan of €350 million in 2011 to pay civil servants' salaries and pensions, funding of urgent social spending, and economic recovery. A US Department of State report also indicates that the US has an existing friendly and close relationship with Côte d'Ivoire. Part of this relation consists of assisting Ivory Coast to strengthen democracy and governance, expand economic opportunities, advance security sector reform, and improve health care systems and outcomes. This is consistent with previous studies (e.g., Cooke, 2014; Geary & Agguzoli, 2016) where it was found that the dependence of the host country's government on foreign investment and aid has undermined its ability to take action against the importation of foreign practices. Therefore, it is well placed to assume the host country's openness/receptiveness to the so-called best practices (Whitley, 1992).

Second, the historical ties mattered. We found that the Ivorian education system is modeled along with the French education system, and the knowledge transmitted is French-based. This finding provides evidence of the legacy of French colonialism and the interest of Ivorian managers in western T&D practices. This is in line with Yahiaoui's (2015) findings concerning the Tunisian education system's influence, as a former French colony, on Tunisian managers. Universities, professional training institutions, professional associations/networks are essential centers for developing and diffusing organizational norms and professional behavior (DiMaggio & Powell, 1983). Thus, it is well placed to assume that the exposure of Ivorian managers to western countries' notions/knowledge of what constitutes appropriate T&D practices made it easy for them to understand and accept the transferred practices.

Third, there is the nature of the sector within which these subsidiaries operate. Two points are worth noting here. First, we found that all our case subsidiaries operate in highly regulated sectors. Therefore, they are bounded by a relatively high level of regulations, industrial norms, and codes of practices. Failure to comply with these rules of conduct could lead to various sanctions, including the suspension or revocation of professional credentials. To

avoid such sanctions and maintain a good reputation in their respective sectors, these subsidiaries adopt T&D from their parents because they are considered best practices. Second, we found that the sectors within which these subsidiaries operate are highly competitive. They are dominated by transnational giants and require a qualified, flexible, and well-prepared workforce. For example, subsidiaries in the IT/Telecommunication industry have a relatively high competition hinged on product and service development and customer satisfaction. To remain competitive, these subsidiaries require knowledge workers. Likewise, subsidiaries operating in the other knowledge sectors (e.g., banking, accounting) are pursuing well-qualified workers to achieve organizational goals and create a competitive advantage. In turn, importing parent T&D is key in ensuring that their employees have the necessary competencies to develop a competitive advantage. This could be explained by the shortage of skills in the local labor market. We argue that skills shortage tends to influence the development of standardized views about T&D practices and, therefore, provide for the mimetic pressures that subsidiaries yield. This is consistent with Cooke (2014), who found that due to the acute shortage of skilled workers, Huawei has to model its HRM practices from western MNCs in the same industry to compete for talent.

Finally, our findings suggest that the perception of subsidiaries managers of the value and benefits of transferred T&D practice could mediate the link between the host country's institutional factors— coercive, normative, mimetic pressures – and the transfer of T&D practice. This could be explained by subsidiaries' managers' exposure to what constitutes appropriate T&D. Our interviewees admitted that APRHCI meetings exposed them to notions of what constitutes appropriate T&D practice and shaped their perception of value and benefit of parent's T&D implementation. These institutional elements enter organizations through these managers who work in them. As carriers of institutionalized knowledge, they will tend to adopt practices consistent with their perception of the transferred practice's value et benefits (Scott, 2001). MNEs operating in developing countries, particularly those of Africa, should conduct a thorough analysis and understanding of their host country's institutional environment.

In light of the above, the findings indicate similarity with previous research concerning the host country's institutions' role in the transfer of management practices. However, they deviate from prior research (e.g., Lathuka et al., 2018), which generally provide evidence of the host country's institutional constraints on the transfer of HRM practices. Instead, they indicate that the Ivorian institutional environment has promoted the transfer of T&D practice. This suggests that despite institutional differences between home and host countries, the host country's policies are determinants in the transfer of organizational practices. Therefore, it is essential for MNEs to fully understand the institutions in this particular nation to achieve their objectives.

## **2.7 Conclusion**

In this study, we investigate the influence of the Ivorian institutional environment on T&D practice transfer to French and US MNCs' subsidiaries. Our findings indicate that the host country's regulative, cognitive and normative institutional processes have promoted the transfer of T&D practice. This suggests that the host country's institutions and policies are important determinants in practice transfer.

This study offers two main contributions. First, unlike existing research that shows that the host country's institutional environment constrains HRM practices transfer (Myloni et al., 2004), our study indicates that this is not always so. We found that the host country's institutions have facilitated the practice transfer by shaping subsidiaries' employees' perception of the practice. Our findings imply that the host country's institutions and institutional policies are important determinants of T&D practice transfer in developing countries of Africa like Ivory Coast.

Second, a growing number of studies have been conducted on the transfer of HRM practices. Among these studies, however, T&D practice transfer was not the focus but rather part of an extensive HRM practices array. Moreover, most of these studies have been conducted in developed and emerging countries, and little is known about developing countries, particularly those of Africa. By investigating the determinants of T&D practice transfer in the Ivorian context, this paper expands institutional theory to an underexplored area.

In addition to its contributions, this article has practical implications. First, drawing on the institutional theory, we developed a model of institutional factors that promote HRM transfer, focusing on T&D practice transfer in the Ivorian context. This model could be beneficial to guide MNCs' managers in their decision-making process regarding where to open new subsidiaries in Africa. Second, it could also guide developing countries of Africa to develop and implement institutional policies that promote such transfer.

Despite our contribution, this research suffers from several limitations. First, it does not rely on a large sample, as would occur with a survey approach. Our sample includes a limited number of MNEs operating in the service industry of only one African country; thus, caution has to be taken on generalizing our findings in different contexts because different results may be found. In other words, a larger sample may improve the robustness of our findings. Second, we interviewed managers and HR managers in subsidiaries, so additional data from headquarters may diversify our results. Third, research that includes other countries in the region may differentiate our findings further. Arising from our approach, we encourage scholars to devote more attention to the uniqueness of MNCs in this part of the world. To pursue the issue however, it is necessary to produce more systematic research on MNCs in Africa. This article concentrated on Ivory Coast, so future research could statistically test our findings in the same context or in a similar context in the region.

<b>Companies</b>	<b>Industry</b>	<b>Headquarters base</b>	<b>Position of person interviewed</b>	<b>Number of Interviews</b>
Expertco1	Accounting	USA	HR manager Managers	4
Expertco2	Accounting	USA	HR manager Managers	4
Expertco3	Accounting	USA	HR manager Managers	4
Expertco4	Accounting	USA	HR manager Managers	4
Teleco1	Telecommunications	France	HR manager Managers	4
Insuco1	Insurance	France	HR manager Managers	4
Insuco2	Insurance	France	HR manager Managers	4
Bankco1	Banking	France	HR manager Managers	4
Bankco2	Banking	France	HR manager Managers	4
Tranco1	Shipping & Transportation	France	HR manager Managers	4
Tranco2	Shipping & Transportation	France	HR manager Managers	4
FDFP	-	-	Officials	2

Table 3. Summary of companies and respondents

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# **Chapter 3: Influence of Cultural Distance on Training and Development (T&D) Practice Transfer from Western Countries MNCs to their Subsidiaries in Africa: The Case of French and US MNCs in Ivory Coast**

## **Résumé**

Des études ont montré que la distance culturelle entre pays est proportionnelle au degré de difficulté du transfert. Dans ce sens, il a été allégué que plus la distance culturelle est grande, plus le transfert est difficile. Toutefois, ces études ont été conduites majoritairement dans les pays occidentaux et émergents au détriment des pays en développement en particulier ceux d'Afrique. Pourtant, la croissance économique et l'intensification des activités commerciales internationales en Afrique au cours de la dernière décennie font appel à une étude en contexte Africain. En s'appuyant sur les dimensions culturelles d'Hofstede, nous examinons l'influence de la distance culturelle entre pays d'origine et hôte sur le transfert de la pratique de formation et du développement des compétences dans les filiales de multinationales françaises et américaines en Côte d'Ivoire. Les résultats montrent que la pratique a été aisément transférée malgré la distance culturelle entre les pays. Plus précisément, nous avons constaté que le transfert est possible à condition que les mécanismes de transfert soient en lien avec les dimensions culturelles du pays hôte, notamment la distance hiérarchique, le collectivisme et le contrôle de l'incertitude. Nos résultats suggèrent que la distance culturelle entre pays n'est pas nécessairement proportionnelle au degré de difficulté du transfert. En d'autres termes, l'influence de la distance culturelle est relativement insignifiante.

**Mots clés:** dimensions culturelles de Hofstede ; transfert ; pratique de formation et de développement des compétences ; Côte d'Ivoire

## **Abstract**

Studies have shown that the cross-national transfer of practices depends on the cultural distance between countries. Along this line, it is argued that the greater the cultural distance, the more challenging the transfer is. However, most studies on this theme have been conducted in western and emerging countries' contexts, and very little is known about developing countries, particularly those of Africa. Yet, the tremendous economic growth and increased international business activities in Africa over the last decade mandate the need for such studies. Drawing on Hofstede's cultural framework, we examine the influence of countries' cultural distance on the transfer of training and development practice in French and US multinationals subsidiaries. Our findings indicate that training and development practice was easily transferred despite cultural differences between host and home countries. More specifically, we found that the transfer is possible provided that transfer mechanisms are in line with the host country's following cultural characteristics: power distance, collectivism, and uncertainty avoidance. Our findings suggest that the cultural distance between home and host countries is not always proportional to the degree of transfer difficulty. In other words, the influence of cultural distance is relatively insignificant.

**Keywords:** Hofstede's cultural dimensions, transfer, T&D practice, Ivory Coast.

### **3.1 Introduction**

In the context of globalization and increased competition, the demand for a competent global workforce has become a strategic objective for multinationals (MNCs) (Nikandrou, Apospori, Panayotopoulo, Stavrou & Papalexandris, 2008). In turn, it is suggested that training and development (T&D) practice helps develop a uniform and competent global workforce within MNCs (Tarique, Briscoe & Schuler, 2016). One of the significant HRM issues of concern for Western MNCs operating in most developing countries, particularly those of Africa, is the large young labor force which often lacks skill sets that jobs in MNCs require. To address this issue, these MNCs often engage in the transfer of T&D practice from their parent company to their subsidiaries in developing economies. However, evidence suggests that the transfer of management practices from MNCs to their overseas subsidiaries may be problematic due to the cultural distance between home and host countries (Kogut & Singh, 1988; Liu, 2004).

According to Myloni, Harzing, and Mirza (2004), “HRM practices are based on cultural beliefs that reflect the basic assumptions and values of the national culture in which organizations are embedded” (p. 520). This suggests that HRM practices that are considered appropriate in one culture may be less suitable or inappropriate in another. Since culture influences the ways people think, make decisions and operate for a firm, it is risky to roll out global training programs as centralization is likely to reduce the acceptance and effectiveness of training interventions (Tarique et al., 2016). Thus, awareness of cultural values can help HR managers develop and implement suitable T&D practices in a specific cultural and national area.

Studies have shown that transferring HRM practices from one country to another without adaptation may be quite problematic, particularly when the assumptions underlying such practices do not fit with the recipient host-country cultures (Hofstede, 1980). Among these studies, however, T&D practice transfer was not the focus but rather part of an extensive array of HRM practice. Moreover, most of these studies have been conducted in western and emerging countries (see Rosenzweig & Nohria, 1994; Schuler & Rogovsky, 1998). Little is known about developing countries, particularly those of Africa. Yet, the tremendous

economic growth and increased international business activities in Africa over the last decade mandate the need for such studies.

The purpose of this study is to contribute to our understanding of cultural factors that influence the transfer of T&D practice in the African context. Specifically, it aims to answer the following questions: what cultural factors influence T&D practice transfer to French and US MNCs' subsidiaries in Ivory Coast? How do these cultural factors influence such transfer? Does the relative cultural distance between countries matter? We focus on T&D practice because it is widely regarded as a useful tool for transferring and disseminating organizational competencies across MNCs' global operations to enhance their international competitiveness (Hartman & Elahee, 2013; Taylor, Beechler & Napier, 1996). Thus, T&D practice transfer can help address the labor force issue of concern in most developing countries.

There are several reasons for our study of French and US MNCs in Ivory Coast. First, Ivory Coast reflects some of the cultural characteristics common to most developing countries of Africa and are considered significantly different from developed western countries. Second, the country has experienced tremendous economic growth and increased foreign direct investments (FDIs) over the last decade, with French and US MNCs as leading contributors. Our research on a sample of 11 qualitative case studies of French subsidiaries, US subsidiaries, and local Ivorian companies appears to be one of the first extensive academic studies of HRM practices transfer at foreign MNCs subsidiaries in the Ivorian context.

The remainder of the paper is organized as follows. First, we review the literature on the influence of culture on practice transfer. Second, we outline the research methodology. Third, we present our findings, followed by a discussion. We conclude by highlighting the study's contributions, implications, and limits.

### **3.2 Transfer of Training and Development Practice**

Transfer of organizational practice is a process through which organizations located in different countries transmit their HRM policies and practices to each other (Kostova, 1999).

Three types of HRM practices' transfer have been identified in the literature: forward transfer, reverse transfer, and horizontal transfer. The forward transfer is the transfer of practice from a parent company to its overseas subsidiaries (Kostova, 1999); reverse transfer refers to the transfer of practices from foreign subsidiaries to the parent company (Edwards & Tempel, 2010); the horizontal transfer is the transfer of practices among subsidiaries. In this study, we focus on the forward transfer of HRM practices – particularly on the forward transfer of T&D practice – from French and US MNCs to their Ivory Coast subsidiaries.

Training and development practice is critical for organizational success (Esteban-Lloret et al., 2016). Defined as “the systematic acquisition and development of the knowledge, skills, and attitudes required by employees to perform a task or job adequately or to improve performance in the job environment” (Tharenou, Saks & Moore, 2007: 252), T&D is widely regarded as a useful tool for transferring and disseminating organizational competencies across MNCs global operations to enhance their international competitiveness (Hartman & Elahee, 2013; Taylor, Beechler & Napier, 1996). Thus, it helps ensure that organizations have the flexible and competent workforce they require to be adaptive and remain competitive (Nikandrou et al., 2008). Since the lack of skills is an issue of concern in most developing countries of Africa (Kamoche, 2011), we argue that western countries' MNEs will tend to transfer T&D practice to their African subsidiaries to address the skills shortage issue and remain competitive. For this research, the terms training and T&D are used interchangeably.

Employee training and development involves a process governed by strategies referred to as training methods. Martin, Kolomitro, and Lam (2014) defined training methods as “a set of systematic procedures, activities or techniques that are designed to impart knowledge, abilities, skills or attitudes to the participants that have direct utility in enhancing their job performance” (p 12). Thus, they are tools used to deliver T&D contents (Martin et al., 2014). Through an extensive review of literature, Martin et al. (2014) suggested an exhaustive list of thirteen (13) core training methods: case study, games-based training, internship, job rotation, job shadowing, lecture, mentoring and apprenticeship, programmed instruction, role-modeling, role play, simulation, stimulus-based training, and team-training. These methods may be further grouped based on five (05) criteria that the trainer may wish to take

into account when choosing training methods: learning modality, training environment, trainer presence, proximity, and interaction level (see table 4).

Learning modality refers to the communication method used to deliver training content to the learners (Martin et al., 2014). There are three (03) learning modalities: learning by doing, learning by seeing, and learning by hearing. *Learning by doing* refers to situations where the trainees acquire training content by performing the task. *Learning by seeing* relates to cases where the trainees receive the training content by watching the task being performed. *Learning by hearing* refers to cases where the trainees acquire the training content by hearing. While some methods can have two or more of these characteristics, Martin et al. (2014) agreed that each one had at least a primary nature. Training environment refers to the setting within which training occurs. Training can occur on-the-job or off-the-job. On-the-job training takes place in a natural environment (the real work environment). In contrast, off-the-job training occurs in either a simulated environment (an environment created just for the training to simulate the real work environment) or a contrived environment (an environment designed exclusively for the training but that doesn't resemble the natural work environment). Trainer presence refers to whether training content is delivered through a person (trainer) or other instructional media such as computers, textbooks, etc. Proximity refers to trainer and trainees' locality and whether the training occurs face-to-face or remotely / at a distance. Interaction level refers to the relative amount of interaction between trainer and trainee and among trainees. In the light of the above, we argue that when transferring T&D, it is crucial to identify the learners preferred mode of learning in terms of learning modality (Lujan & DiCarlo, 2006), trainer presence, proximity, and interaction level (Martin et al., 2014)



<b>Method</b>	<b>Learning modality</b>	<b>Trainer environment</b>	<b>Trainer presence</b>	<b>Proximity</b>	<b>Interaction level</b>
Case study	Doing	Contrived	Yes	Face to face or distance	Variable
Games	Doing	Contrived	Yes	Face to face or distance	Interactive
Internship	Doing	Natural	Yes	Face to face	Somewhat interactive
Job rotation	Doing	Natural	n/a	Face to face	Not interactive
Job shadowing	Seeing	Natural	Yes	Face to face	Not interactive
Lecture	Hearing	Contrived	Yes	Face to face or distance	Not interactive
Mentorship and apprenticeship	Doing	Natural	Yes	Face to face or distance	Somewhat interactive
Programmed-instruction	Seeing	Contrived	No	Distance	Not interactive
Role - modelling	Seeing	Simulated	Yes	Face to face or distance	Not interactive
Role play	Doing	Simulated	Yes	Face to face	Interactive

Stimulation	Doing	Simulated	No	Face to face	Not interactive
Stimulation-based	Variable	Simulated	Yes	Face to face	Somewhat interactive
Team	Doing	Contrived	Yes	Face to face or distance	Interactive

Table 4: A comparison of the Identified Training Methods

Source: adapted from Martin et al. (2014)

### **3.3 Culture and Organizational Practices**

There have been many definitions of culture over the years (see Hall, 1977; Hofstede, 1980; Kroeber & Kluckhohn, 1952; Trompenaars, 1993). Among the most popular definitions are those by Hofstede and Trompenaars. They respectively defined it as the collective programming of the mind that distinguishes members of one group from another (Hofstede, 1984) and how members of a group tend to solve problems related to relationships with others, time, and the environment (Trompenaars, 1993). Even though the existing definitions vary, they have several common elements (Taras, Roney & Steel, 2009). First, it is generally agreed that culture is a complex multi-level construct with practices, symbols, and artifacts representing the construct's outer layers and assumptions and values representing the core of culture (Hofstede, 1990). Second, it is agreed that culture is shared among members of a group or society (Hofstede, 1990). In other words, countries and organizations develop unique patterns of values, norms, beliefs, and acceptable behaviors. Third, it is also agreed that culture is formed over a relatively long period and is relatively stable (Taras et al., 2009). For this study, we define culture as “the collective programming of the mind, which distinguishes the members of one group or category from another” (Hofstede 1980).

Culture affects every aspect of the management process – how people think, solve problems, and make decisions for the firm. On this basis, it has been argued that HRM practices are also grounded in cultural beliefs that reflect the basic assumptions and values of the national culture in which organizations are embedded (Myloni et al., 2004). Early studies have examined subsidiary practices from a culturalist perspective by focusing on national culture's influence on the transfer of organizational practices. Within this line of research, some argue that the host country's national culture affects organizational practices. As a result, MNCs should adapt their practices to the host country's social and cultural norms (Laurent, 1986; Schneider, 1988). This suggests that HRM practices that are meaningful and effective in a country may be ineffective in another (Hofstede, 1991; Laurent, 1986). Thus, transferring HRM practices from one country to another may be quite problematic, particularly when the assumptions underlying such practices do not fit the recipient host-country cultures (Hofstede, 1980). Other researchers (e.g., Beugelsdijk & Mudambi, 2013; Shenkar, Luo, & Yeheskel, 2008) argue that the extent to which MNCs can transfer organizational practices

to their foreign subsidiaries depends on cultural distance (i.e., the difference in the cultures) of host and home countries. When this distance is small, the transfer of MNCs' organizational practices would be relatively unproblematic because subsidiaries' staff can easily assimilate it. However, when this distance is great, the transfer of MNCs' organizational practices is more likely to be problematic. In studying HRM practices transfer from foreign MNCs to Russia, Latukha et al. (2020) found that countries whose values were close to those in Russia tended to use exporting strategy to transfer their HRM practices. Accordingly, the researchers argued that closeness of cultures allowed copying and effectiveness of transferred HRM practices as the headquarters and subsidiary were both on the same page and had a mutual understanding of the practices.

The cross-cultural literature provides several conceptual frameworks based on various dimensions along which cultural traits can be analyzed and compared. Among them, two significant frameworks have been widely used to understand the influence of national culture on organizational practices: Hofstede's framework (Hofstede, 2001) and the Global Leadership and Organizational Behaviour Effectiveness (GLOBE) framework (House, Hanges, Javidan, & Dorfman, 2004).

The first major, and best known, study of national culture was conducted by Hofstede (1980), who initially proposed ranking cultures in four dimensions: *power distance*, *individualism-collectivism*, *masculinity-femininity*, and *uncertainty avoidance*. Later on, he added two more dimensions: *long-term versus short-term* and *indulgence versus self-restraint* orientations. The cultural dimension *power distance* is defined as the degree to which members of a society expect and agree that power should be unequally shared between bosses and subordinates (Hofstede, 1980). People in high power distance societies are likely both to expect and accept inequality and steep hierarchies. There is high respect for authority in these societies, resulting in centralized power, acceptance of autocratic authority, and direct supervision. People in low power distance expect an equal distribution of power and are also likely to accept that power is distributed to less powerful individuals. In these societies, the emphasis is on challenging authority, expecting autonomy and independence. The cultural dimension of *individualism versus collectivism* focuses on relationships between the individual and the group. Highly individualistic societies believe that the individual is the most important, and

decisions are based on individual needs and interests. In these societies, people speak out; they can be aggressive and direct. On the other hand, highly collectivist cultures believe the group (family, caste, tribe, region, organization) is the most important and exhibits primary loyalty. In these societies, the emphasis is placed on the individual's group's welfare, and decisions are based on what is best for the group. People blend in, avoid conflict and use intermediaries. The cultural dimension *uncertainty avoidance* refers to the extent to which people feel threatened by uncertain or ambiguous situations and how they adapt to changes and cope with uncertainty. In societies with a high degree of uncertainty avoidance, people are likely to welcome rules for guiding their behaviors and attitudes because they feel uncomfortable in uncertain and ambiguous situations. They also tend to believe in absolute truth and to trust people with high perceived expertise. In societies with a low degree of uncertainty avoidance, people will resist having too many rules and policies because they will likely thrive in more uncertain and ambiguous situations and environments. They are more likely to accept relativity in beliefs and values. The cultural dimension *masculinity versus femininity* refers to the extent to which a society stresses achievement versus nurture. This dimension's masculinity side represents a preference in society for achievement, heroism, assertiveness, and material rewards for success. In masculine cultures, the emphasis is placed on competition, ambition, and the acquisition of wealth. The femininity side represents a preference for cooperation, modesty, sexual equality, caring for the weak, and quality of life. In feminine societies, people are more consensus-oriented. The cultural dimension *long-term versus short-term orientation* refers to the extent to which a society is focused on the future versus on the present. In a society with a long-term orientation, people are willing to delay short-term material or social success or even short-term emotional gratification to prepare for the future. They also value a long-term relationship with their employers, perseverance, saving, and ability to adapt. In a society with short-term orientation, people focus on the present; thus, they care more about immediate gratification than long-term fulfillment. They also value tradition, the current social hierarchy, and fulfilling their social obligations. The *indulgence versus self-restraint orientations* cultural dimension refers to the extent to which a society stresses individual indulgence of basic human drives versus social restraint of such behavior. Indulgent societies allow relatively free gratification of basic and natural human drives related to enjoying life and having fun.

Thus, they tend to focus more on individual happiness and well-being and emphasize leisure time. On the other hand, restraint societies suppress gratification of needs and regulate it through strict social norms. Here, positive emotions are less freely expressed, happiness, freedom, and leisure are not given the same importance.

Since the reporting of Hofstede's study, other researchers (e.g., House, Hanges, Javidan, & Dorfman, 2004; Trompenaars, 1993) have reported similar findings or developed alternative ways to categorize cultural values. For example, Trompenaars (1993) focused on different aspects of culture such as *universalism versus particularism* (emphasis on rules versus relationships), *individualism versus communitarianism* (the individual versus the group), *neutral versus emotional* (the range of emotions expressed), *specific versus diffuse* (the degree of involvement with other people), *achievement versus ascription* (the basis for according status to other people), *sequential time versus synchronous time* (how people manage time), *internal direction versus outer direction* (how people relate to their environment).

Recently, House et al. (2004) categorized countries on nine (09) cultural dimensions: *assertiveness* (the extent to which individuals are confrontational and aggressive in their relationships with others), *future orientation* (the extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future), *gender differentiation* (the degree to which a collective minimizes gender inequality), *uncertainty avoidance*, *power distance*, *institutional collectivism* (the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action), *in-group collectivism* (the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families), *performance orientation* (the degree to which a society encourages and rewards group members for performance improvement and excellence), and *humane orientation* (the degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others). They went further to measure two distinct aspects of culture – cultural practices and cultural values – at both the organizational and societal levels, from two perspectives: respondents' thoughts on how things are and how things should be.

Compared to Hofstede's framework, the GLOBE framework has been less criticized. Criticisms of the GLOBE framework include the fact that it has eighteen (18) dimensions which, according to Venaik and Brewer (2008), are unnecessary and lack parsimony. Although Hofstede's framework has been widely criticized (see McSweeney, 2002; Reiche, Lee & Quintanilla 2012; Weller & Gerhart 2012), it remains the dominant model for cross-cultural research (Taras et al., 2009). Moreover, in subsequent research, cultural dimensions exhibit much overlap of, even synthesizing, the factors reported by Hofstede. For example, after examining 121 instruments for measuring culture and analyzing how culture has been operationalized over the last half a century, Taras et al. (2009) found a close conceptual and empirical correspondence between these instruments and Hofstede's. Specifically, they found that 97.5% of all reviewed measures contain at least some conceptually similar dimensions to those introduced by Hofstede. They also found very high correlations between Hofstede's scores and those obtained using other instruments. They concluded that the twenty-six (26) facets of culture identified in their study could be grouped, with a few exceptions, into four major blocks related to Hofstede's dimensions of *individualism-collectivism*, *masculinity-femininity*, *uncertainty avoidance*, and *time orientation*. Similarly, Vaiman and Brewster (2014) noted that even though the GLOBE study measures cultural practices and values at both the organizational and societal levels, it is partly based on Hofstede's research.

Finally, it is important to mention that there are various mechanisms through which organizational practices transfer occurs. Kim, Park, and Prescott (2003) identified four (04) different organizational mechanisms that MNCs use to integrate HRM practices in their foreign subsidiaries: centralization, formalization, people, and information-based mechanisms. Also known as the most direct form of control, centralization-based mechanisms refer to the concentration of decision-making power about subsidiaries' activities in the headquarters' hands. It is intentionally used by MNEs that seek to restrict subsidiaries' autonomy in HRM decisions (Smale, 2008) because they have a thorough understanding of these issues and their implications across the MNE (Smale, Björkman & Sumelius, 2013). Unlike centralization-based mechanisms, formalization-based mechanisms are bureaucratic instruments of integration (Harzing & Sorge, 2003), facilitating vertical and horizontal coordination across the MNE (Smale et al., 2013). They refer to the

standardization of work procedures, rules, policies, and manuals (Kim et al., 2003; Tempel, 2001) to develop common international HR structures and guidelines across the MNE (Tempel, 2001). People-based mechanisms refer to situations where MNEs use people to achieve coordination and control across borders. They include the use of expatriates (see Gamble, 2003; Hetrick, 2002) and different types of HR committees that bring together HR managers from different parts of the MNE (Evans et al., 2011; Sparrow et al., 2004) to discuss HR-related issues (Smale, 2008) to benchmark and share knowledge (Evans et al., 2011; Sparrow et al., 2004). Information-based mechanisms refer to situations where MNCs use HR information systems such as databases, electronic mail, internet, intranet, electronic data interchange (Kim et al., 2003) to communicate information to foreign subsidiaries (Kim et al., 2003; Shrivastava & Shaw, 2003). Also, they facilitate the creation of procedural standards, mutual dependencies, and linkages (coordination) across units (Sparrow, Brewster, & Harris, 2004). According to Ferner, Bélanger, Tregaskis, Morley, and Quintanilla (2013), French management is characterized by a concentration of power and control in the hands of top management. This suggests that decision-making for HRM policies and practices in French MNEs will tend to be centralized. Moreover, there is evidence that French MNCs use various modes of coordination such as coordination through socialization, coordination through networks (see Beddi, 2013), and expatriation/coordination through the mobilization of diverse human resources from head offices internal HR networks (see Schaaper, Amann, Jaussaud, Nakamura & Mizoguchi, 2013) to control and coordinate their foreign subsidiaries. Like French MNCs, US MNCs were described as being centralized (Edwards & Ferner, 2002; Muller, 1998) and associated with a high degree of formalization and standardization (Dessler, 2009). Moreover, case studies indicate that US MNCs use control mechanisms such as written guidelines to diffuse home-grown policies and practices (see Ferner, Almond, Clark, Colling, Edwards, Holden & Muller-Camen, 2004; Bartlett & Ghoshal, 1999). Chiang, Lemanski & BIRTH (2017) also identified several mechanisms that facilitate or inhibit transfer and classified them into two (02) categories: formal mechanisms and informal mechanisms. Formal mechanisms are policies, procedures, and guidelines (Edwards & Ferner, 2004) and procedures. In contrast, informal mechanisms consist of relocating management from one location to another



(Lazarova & Tarique, 2005) and various networking and social interaction within MNCs, such as companywide HR workshops and social events (Edwards & Ferner, 2004).

The last two decades have witnessed a growth of research on the cross-national transfer of organizational practices through MNCs' operations (e.g., Latukha et al., 2019; Yeganeh & Su, 2011). Various studies (e.g., Chiang & Birtch, 2010; Festing & Knappert, 2014; Yahiaoui, 2015) have confirmed the influence of culture on organizational practices. Chiang and Birtch (2010) investigated culture's consequences on performance appraisal practices in the banking industry in 7 countries across Europe, Asia, and North America. They found evidence that performance appraisal practices vary across cultures. For instance, formal feedback was more frequent in high assertive, low in-group collectivist, and uncertainty avoidance cultures (UK/USA/Canada). In examining the extent to which performance management (PM) are country-specific subsidiaries in 3 culturally diverse major economies, namely Germany, United States, and China, Festing and Knappert (2014) found significant country-specific differences in only 6 out of the 16 investigated PM features. For example, network-oriented criteria, appraisals by actors other than the supervisor, and purposes seem to rely more on local requirements and therefore vary across the countries. However, the similarities of several PM elements in the three countries made them conclude that the context may not matter as expected. Yahiaoui (2015) investigated the transfer of HRM practices from French headquarters to their foreign subsidiaries in Tunisia. She found that cultural factors stemming from the Tunisian environment have a transversal influence on different HRM practices such as recruitment and selection practices, compensation practices, performance appraisal practices, and career management practices. Because of the family-oriented Tunisian culture, for example, the recruitment of managers is not only based on technical skills but also the age criterion. The research also indicates that key cultural factors such as emotional relationships and interpersonal trust constrain the transfer of certain HRM practices. Existing studies have also shown that the greater the cultural distance between countries, the more challenging the transfer of organizational practices; the smaller the cultural distance, the easier the transfer (see Latukha et al. 2016).

Research on the influence of cultural distance on the transfer of organizational practice in the African region is limited (Cooke, Veen, & Wood, 2016) despite the acceleration of its

economic growth and its rapidly growing workforce (Tarique et al., 2016). This paper aims to contribute to the literature by investigating the influence of cultural distance on the transfer of T&D practice in Ivory Coast, a developing country of Africa. More specifically, it attempts to answer the following questions: what factors originating from the Ivorian cultural environment influence the transfer of T&D practice in subsidiaries of French and US MNEs? How do these cultural dimensions influence such transfer? Does the relative cultural distance between countries matter? An empirical analysis is carried out from subsidiaries' perspective to answer these questions, using data from 11 French and US MNCs' subsidiaries.

### **3.4 Conceptual framework**

In the light of the above, we adopt Hofstede's cultural framework in this study and explore four (04) different national culture dimension contexts: *power distance*, *individualism-collectivism*, *masculinity-femininity*, and *uncertainty avoidance*. We selected these four (04) cultural dimensions because there is already a number of studies on them in the African, American and French contexts. Moreover, they are widely accepted as influencing organizational practices (Hofstede, 1980; House et al., 2004). *Power distance* is defined as "the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally" (Hofstede, 1980, p. 45). In high power distance societies, people not only accept but also expect a steep hierarchy. Moreover, there is high respect for authority, centralized power, and direct supervision. Thus, employees in high power distance cultures will tend to be more receptive to one-way, top-down direction from their managers (House et al., 2004) because they believe that bypassing their supervisors is insubordination (Hofstede, 1980). As opposed to this, people in low power distance cultures will tend to challenge authority, expect autonomy and independence (Hofstede, 1980). *Individualism-collectivism* refers to the relationships between the individual and the group. In highly collectivist societies, the group is believed to be the most important. Here, individual needs and interests are set aside, and decisions are based on what is best for the group to which the individual belongs. Thus, employees in highly collectivist cultures will tend to express loyalty (Hofstede, 1980) and cohesiveness to their organization (House et al., 2004), avoid conflict, and use intermediaries (Hofstede, 1980). In individualist cultures, the individual is believed to be the most important, and decisions are based on his / her needs and interests.

People in such cultures will tend to voice their opinions and question management. *Masculinity–femininity* refers to the extent to which a society stresses achievement vs. nurture. People in masculine societies prefer achievement, assertiveness, and material rewards for success, whereas people in feminine societies prefer cooperation, consensus, caring, and nurturing behaviors. Hofstede (1980) defined *uncertainty avoidance* as “the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations” (p. 45). Likewise, House et al. (2004) similarly describe it as “the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices” (p. 11). According to Hofstede (1980), people who live in cultures with a high degree of uncertainty avoidance are likely to feel uncomfortable in uncertain situations. Thus, employees in high uncertainty avoidance cultures will tend to welcome the establishment of rules and systems for guiding their attitudes and behaviors, as it can alleviate their uncomfortable feeling of uncertainty. They will also tend to trust people with high perceived expertise.

According to Hofstede (1993), West Africa, of which Ivory Coast is a part, ranks high on power distance, moderate on masculinity and uncertainty avoidance, and low on individualism. France ranks high on power distance, individualism, and uncertainty avoidance, and moderate on masculinity. The US ranks low on power distance and uncertainty avoidance and high on individualism and masculinity. Table 5 summarizes the different manifestations of these cultural dimensions in Ivory Coast, France, and the US

<b>Cultural factors</b>	<b>Ivory Coast</b>	<b>France</b>	<b>USA</b>
<b>Power distance</b>	<p>PD: 77 (high)</p> <p>High respect for authority, resulting in centralized power, acceptance of autocratic authority and direct supervision</p>	<p>PD: 68 (high)</p> <p>High respect for authority, resulting in centralized power, acceptance of autocratic authority and direct supervision</p>	<p>PD: 40 (low)</p> <p>Emphasis is on challenging authority, expecting autonomy and independence.</p>
<b>Individualism versus Collectivism</b>	<p>ID: 20 (low)</p> <p>Emphasis is placed on the welfare of the group to which the individual belongs, and decisions are based on what is best for the group. People blend in, avoid conflict and use intermediaries.</p>	<p>ID: 71 (high)</p> <p>Individual is the most important, and decisions are based on individual needs and interests.</p>	<p>ID: 91 (high)</p> <p>Individual is the most important, and decisions are based on individual needs and interests.</p>
<b>Uncertainty avoidance</b>	<p>UA: 54 (moderate)</p> <p>People are likely to welcome rules for guiding their behaviors and attitudes. They also tend to trust people with high perceived expertise, accept new ideas and willing to try</p>	<p>UA: 86 (high)</p> <p>People are likely to welcome rules for guiding their behaviors and attitudes because they feel uncomfortable in uncertain and ambiguous situations.</p>	<p>UA: 46 (low)</p> <p>People will tend to resist having too many rules and policies because they are likely to thrive in more uncertain and ambiguous situations and environments.</p>

	something new or different, whether it pertains to practices, business, etc.	They also tend to believe in absolute truth and to trust people with high perceived expertise	Moreover, they are more likely to accept relativity in beliefs and values.
<b>Masculinity versus Femininity</b>	MA: 46 (moderate) Preference for cooperation, modesty, sexual equality, caring for the weak, and for quality of life. People are more consensus oriented.	MA: 43 (moderate) Preference for cooperation, modesty, sexual equality, caring for the weak, and for quality of life. People are more consensus oriented.	MA: 62 (high) Emphasis is placed on competition, ambition and acquisition of wealth.

Table 5. Manifestations of Culture in Ivory Coast, France and the US

Sources: <https://www.hofstede-insights.com/product/compare-countries/>; Hofstede insight, 2020 ; Hofstede, G. 1980; Hofstede, G. 1983; Hofstede, G. (1993)

In addition, existing research indicates that most French firms are characterized by autonomous top managers (Schmidt, 2003) who relatively shared the same elite system of education (*grandes écoles*) and professional career paths in the public service before taking up their positions in the private sector (Hancké, 2001). Moreover, decisions are often centralized and made under top management's direct personal control (Ferner, Bélanger, Tregaskis, Morley & Quintanilla, 2013). This way of doing things explains the nature of the relationships established between French MNCs and their subsidiaries. Case studies indicate that French MNCs use various modes of coordination such as coordination through socialization, coordination through networks (e.g., Beddi, 2013), and coordination through the mobilization of diverse human resources from head offices (e.g., Schaaper, Amann, Jaussaud, Nakamura & Mizoguchi, 2013) for different reasons including effective information sharing, commitment to shared organizational values, monitoring and cooperation on corporate strategies from the top.

Research also reveals a strong US headquarters' intervention in their foreign subsidiaries' HR issues (Martin & Beaumont, 1999; Tayeb, 1998). US-style HRM practices are generally associated with a high degree of formalization and standardization (Dessler, 2009). The US firms provide more structured training and development (Bae, Chen & Lawler, 1998) to enhance job performance and competitiveness. Because of their leading position in the global economy, US firms are regarded as a global best practice source (Pudelko & Harzing 2008). US MNCs are also characterized by high ethnocentrism and centralization (Edwards & Ferner, 2002; Muller, 1998). As a result, they use different techniques to exert a strong central influence on their foreign subsidiaries. Case studies show US MNCs implement various control mechanisms, such as written guidelines to diffuse home-grown policies and practices to their subsidiaries (Ferner, Almond, Clark, Colling, Edwards, Holden & Muller-Camen, 2004; Bartlett & Ghoshal, 1998).

It is argued that the extent to which MNCs can transfer organizational practices to their foreign subsidiaries depends on the cultural distance (i.e., the difference in the cultures) of host and home countries. When this distance is small, the transfer of MNCs' organizational practices would be relatively unproblematic because subsidiaries' staff can easily assimilate

it (Ngo et al., 1998). However, when this distance is great, the transfer of MNCs' organizational practices is more likely to be problematic (Kogut & Singh, 1988; Liu, 2004). In the light of the above, it is expected that transfer of organizational practices from French MNCs to their Ivorian subsidiaries will be easier due to cultural similarities in their national cultures while transfer of organizational practices from US MNCs to their Ivorian subsidiaries will be difficult due to cultural dissimilarities in their national cultures.

As mentioned earlier, there are different mechanisms that MNCs might exploit for transferring HRM practices: formal mechanisms and informal mechanisms (Chiang et al., 2016). Formal mechanisms consist of explicit guidelines, procedures policy manuals (Chiang et al., 2016; Edwards & Ferner, 2004), whereas informal mechanisms consist of the transfer of managerial personnel (Lazarova & Tarique, 2005), internal networking, and social interaction (Edwards & Ferner, 2004). In the light of the above, we argue that the host country's cultural factors are likely to influence the forward transfer of T&D practice from French and US MNCs to their Ivorian subsidiaries through some of these mechanisms. The conceptual framework of the study is summarized in figure 4.

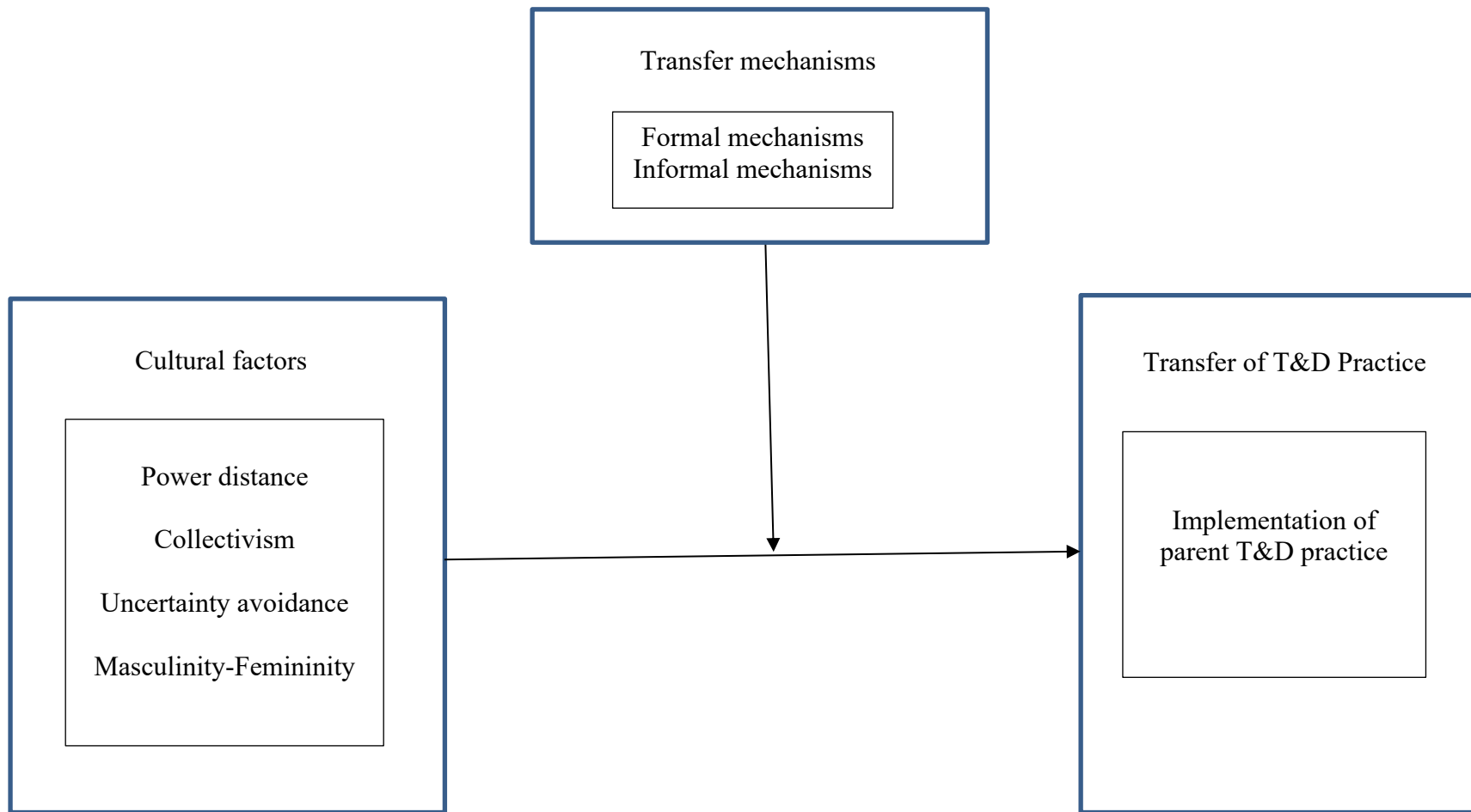


Figure 4. Conceptual framework



### **3.5 Research Method**

The cross-national transfer of T&D practice from French and US MNCs to their African subsidiaries has not been the subject of major scientific studies, particularly in the Ivorian context. Yet, in recent years, there have been significant foreign investments in many African countries, including Ivory Coast, from investors who see the continent as the last great frontier (Kamoche, 2011).

Due to the exploratory nature of the study, we adopt a multiple case study approach. This approach focuses empirically on a contemporary phenomenon within a real context while spanning several investigation sites (Yin, 2011). It has emerged as the dominant qualitative research method in IB (Welch, Piekkari, Plakoyiannaki & Paavilainen-Mäntymäki, 2011) and uses various information sources with flexibility (Denzin & Lincoln, 1994; Stoecker, 1991), particularly in a new research context.

#### ***Sample and data collection***

Since little is known about the topic under investigation in the country, the qualitative approach is an appropriate methodological choice (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Tsang, 2014; Yin, 2014). According to Langley (1999), it allows for a level of depth and detail that quantitative methods cannot provide. This qualitative study's data were drawn from a random sample of companies operating in the service industry. We were interested in companies that operate in the service sector because it has emerged as one of the country's leading sectors in foreign direct investment (FDI), revenue generation, and employment creation. As evidence of this, this sector contributed 3.4 percentage points to real GDP growth in 2018 (African Development Bank Group, 2020). Moreover, it is one of the most thriving sectors in Ivory Coast, with many leading Western companies operating therein.

Due to the exploratory nature of this study, the selection of the subsidiaries required caution. The key selection criterion was the age of the subsidiary. Since T&D practice promotes knowledge sharing, we adopted an age referential of 3 years minimum as it is considered significant for learning to occur (Chrysostome & Su, 2002; Lyles & Salk, 1996). Moreover, the companies must be subsidiaries of French and US MNEs as these are the prominent

foreign investors in the country. The age criterion applied for subsidiary selection was also used to recruit individual participants to ensure that they were familiar with their company's T&D practices. That is, participants must have worked in their respective organizations for at least three years. Based on the selection criteria, respondents were contacted through several channels, including emails, telephone calls, and personal networking.

The Chamber of Commerce provided us a list of firms established in Ivory Coast. A group of 16 companies was initially identified as the research sample, but we obtained access to 11. Potential respondents were assured that participation was entirely voluntary and confidential. The final sample size included 44 interviews in 11 MNEs generated from 16 firms initially approached. The fieldwork was conducted for three months, from June to August 2018, in Ivory Coast. Due to the cultural environment, our primary mode of data collection was face-to-face, semi-structured interviews. Semi-structured interviews are considered appropriate for data collection because they provide respondents with a degree of freedom to explain their thoughts and interpret and describe phenomena (Humphrey & Lee, 2004). The interviews lasted about 60 minutes.

A total of 44 semi-structured interviews were conducted across managerial specialisms and hierarchies. Interviewees had between 5 and 20 years of work experience within their respective organizations and were therefore familiar with their company's T&D practice. To ensure data reliability, we asked them to confirm the transcripts' accuracy (Lincoln and Guba, 1985). Table 6 shows the information on the companies and the position of participants. To protect the privacy of the companies, we gave referent names to each.

The main themes and questions discussed during these interviews related to the transfer of T&D practice, cultural factors that influence T&D practice transfer, and transfer mechanisms. The interview guides were prepared in English and translated into French using the back-translating method (Brislin, 1970; Brislin, Lonner & Thorndike, 1973). To assess the transfer of T&D practice, we explored the implementation of T&D methods (Martin et al., 2014). For cultural distance, we used Hofstede's cultural framework. To assess transfer mechanisms, we explored subsidiaries' managers' perception of the interaction between

headquarters and subsidiaries (Chiang et al., 2017). To ensure that interview questions were similarly interpreted by different respondents (Robson, 2002), they were first tested with experts, which helped to review both the structure and the formulation of the questions.

The questionnaire consisted of 5 major parts. Through the questions included in the first two parts, we gained some descriptive information about respondents and the companies they represented: i.e., personal data about the respondents and core information about the subsidiaries and their country of origin. The third block of questions helped us assess countries' cultural distance, using Hofstede's cultural framework. Block four enabled us to assess subsidiaries' managers' perception of transfer mechanisms. In contrast, block five helped us to evaluate the transfer/implementation of parent companies' T&D practice at the subsidiaries, using T&D methods (see Martin et al., 2014). Overall, 2 of the 44 interviewees refused permission to record their interviews; in these cases, intensive notes were taken. The other 42 interviews were recorded and then transcribed.

### ***Data analysis***

The data collected from the documents above were encoded and rearranged into conceptual categories; this allowed us to relate the information to the research questions and formulate conclusions (Ghauri & Gronhaug, 2002). Then, within-case and cross-case analyses were conducted by linking the data collected and the documents consulted to increase internal validity (Yin, 2009). The within-case analysis led to a description of the transferred T&D practice and a comparison between interviewees' responses in each case. In contrast, the cross-case analysis led to the identification of similarities and differences between themes emerging from the 11 MNCs, cultural factors that influence the transferred T&D practice, and transfer mechanisms.

## **3.6 Findings**

This study examines the influence of cultural distance on T&D practice transfer to French and US MNCs' subsidiaries in Ivory Coast through a comparison of T&D practices in French and US Subsidiaries. We frame the analysis of our findings around three themes: (1) T&D

practices in French subsidiaries, (2) T&D practices in US subsidiaries, (3) A Comparison of French and US T&D practices. Figure 5 summarizes our findings.

### 3.6.1 Training and development practices in US subsidiaries

All US MNCs reported a centralized and formalized training and development system in line with the company's objectives. The parent company develops and makes available most training courses to help them meet training policy and requirements. Training policy and requirements are usually set by the parent, spelled out in the HRM manual, and made available through the companies' intranet. This could be explained by the respect for hierarchical order and the uncertainty avoidance value that characterize the Ivorian society. With the support of this technology provided by the parent, training policy and requirements are available and readily accessible on a timely basis. As a result, training and development practices at the subsidiaries are uniform with those of the parent company. Moreover, amendments made to existing training policies and procedures are communicated through emails and the corporate intranet, and subsidiaries must implement them accordingly. We also found that managers at the subsidiaries are allowed some discretion to modify or develop training courses to fit with local requirements. Nevertheless, this could only be done by following parent's existing written procedures/instructions for tailored or locally-developed training and development. The following statements illustrate our finding:

*Our parent is responsible for developing and delivering training courses that meet the training policy and requirements that they have established (HR manager - Expertco 1, US subsidiary, audit, tax and advisory industry).*

*Almost anything that has to do with our training and development practices can be found on our corporate intranet [...]. The system helps us to harmonize our training and development practices with those of our parent. It also saves us time as it reflects changes made to existing training policy and requirements (HR manager - Expertco 2, US subsidiary, audit, tax and advisory industry).*

*Amendments to training and development practices are communicated to us through emails and the corporate intranet. Following this, we are required to implement changes as specified, and this is checked through the internal monitoring programs [...] Even when tailored or developed locally to meet local requirements, training and development courses still need to be in line with requirements for tailored or locally-developed training and development courses laid down in our training and development manual (HR manager - Expertco 3, US subsidiary, audit, tax and advisory industry).*

In all 4 subsidiaries, training and development occur on-the-job and off-the-job. The training and development methods used by the 4 subsidiaries include lecture and mentoring. Training and development courses in all 4 subsidiaries cover job-related skills such as independence training and management skills. Relevant personnel such as partners and client service professionals are trained with appropriate training to their grade and function annually. All 4 US subsidiaries reported that many of their training and development courses are provided online. They also said that they send their employees to their parent company or other overseas subsidiaries to undergo training programs. This was confirmed by many of our interviewed managers. The following statements illustrate our finding:

*In addition to online training, we send some of our employees abroad to the parent and other overseas subsidiaries to attend training programs (HR manager - Expertco 1, US subsidiary, audit, tax and advisory industry).*

*Many of our training and development courses are available online and accessible everywhere through tablets, smartphones, and personal computers [...]. I've attended several training programs at our parent training site, and there were also times where I was sent to another subsidiary to undergo training (Manager - Expertco 1, US subsidiary, audit, tax and advisory industry).*

All 4 subsidiaries use a blended learning approach to deliver training and development courses to their employees. This approach involves combining e-learning and other delivery methods, which involve interaction with other learners and experts. However, subsidiaries'

managers differed in their opinions about this practice. While those who studied in western countries appeared to accept the use of e-learning tools willingly, those who studied at home expressed their concerns towards it and their preference for face-to-face training and interaction with their fellow learners and trainers. This could be explained by the lack of educational technologies rooted in Ivorian educational style and collectivism. Also, all 4 subsidiaries reported having access to a network of professionals within their MNC. This network aims to help subsidiaries' managers better understand transferred practices and assist them in their implementation. They can reach out to more experienced colleagues within the MNC for guidance on issues related to T&D as well as to improve their job-related and managerial skills, etc. The following statements illustrate our finding:

*We are not used to online learning in our education system. Most of our managers here prefer face-to-face training to ask instructors questions and get answers on the spot while interacting with fellow managers (HR Manager - Expertco 2, US subsidiary, audit, tax and advisory industry).*

*Even though we can access training and development content anywhere and anytime through online learning, I like training that involves face-to-face interaction with other learners and trainers. This type of training motivates me because it makes me feel part of the process, allows me to see things from multiple perspectives, and to learn from those with a lot of experience (Manager Expertco 1, Expertco 1, US subsidiary, audit, tax and advisory industry).*

*Our internal network serves as a platform not only to communicate any information and knowledge related to employee training and development but also to discuss any concerns and expectations related to it [...] Through this network, our managers also get a chance to reach out to more experienced colleagues to learn from their experience and improve their skills (HR manager – Expertco4, US subsidiary, audit, tax and advisory industry)*

### 3.6.2 Training and development practices in French subsidiaries

The French subsidiaries also reported a training and development system of top-down alignment in line with their parents' objectives. In turn, subsidiaries' managers expressed that standardization of training programs has promoted a knowledge-sharing organizational culture and made them feel they belong to the MNC, thus their preference for such training programs. The collectivist value could explain this. Human resources managers of all 7 subsidiaries mentioned that they implement the transferred T&D practices without questioning them. This could be explained by the value of respect for authority that characterizes the Ivorian society. It could also be related to the value of uncertainty avoidance, whereby local managers trust their parent expertise and consider them as the reference. Our data indicate that one of the major reasons why subsidiaries managers accept the transferred T&D practices without questioning them is that they consider western practices best practices. Thus, they trust the quality of expertise (i.e., technical skills, managerial skills, knowledge, attitudes) conveyed to them by their parent through the transfer of these T&D practices about their individual and subsidiary performance. Even though the parent company establishes training policy, requirements, and courses, there is a certain degree of flexibility given to subsidiaries' managers to adapt existing procedures to meet their local requirements. In other words, local adaptation, howbeit limited, is allowed when in line with the parent company's existing instructions. The following statements illustrate our finding:

*It is our parent that's responsible for developing training and development practices. So decisions related to training and development come from them. All we do is to follow instructions [...] Overall, we are persuaded that all these training and development courses have improved our organizational performance and enhanced our company's reputation by making it more attractive to potential recruits (HR manager – Tranco1, French subsidiary, shipping and logistics industry)*

*We have a standardized document that guides training and development practices throughout the multinational. But once in a while, we may adapt our training and*

*development programs for local requirements by following the written guidelines in the document (HR Manager – Insuco2, French subsidiary, Insurance sector)*

*We all know about the benefits of best practices, especially when it comes to training and development, a practice that is key to remaining relevant within the industry. [...] So it's really not our job to challenge headquarter on their policies and procedures for training and development. We believe they know what's best for us [...] I personally believe that the training and development courses offered in this company have improved my communication skills (Manager – Telco, French subsidiary, telecommunication industry)*

Training and development occur on-the-job and off-the-job. In 5 out of the 7 subsidiaries, training and development courses include lecture, case study, and mentoring. Training and development courses offered in all 7 subsidiaries cover both job-related skills and management skills. Emphasis is placed on delivering training and development courses through local or foreign experts, using face-to-face training. This involves a good amount of interaction between trainers and trainees. Moreover, 6 out of the seven subsidiaries reported that their parent used the presence of French expatriates to transfer T&D practices and share knowledge. The following statements illustrate our finding:

- 1. Most of our training and development courses are taught on-site or off-site by local consultants and experts from headquarters or other subsidiaries (HRM – TranCo2, French subsidiary, shipping and logistics industry)*
- 2. French expatriates share their knowledge with us and ensure that the transferred training and development practices are not only implemented but also in line with headquarters' directives (Telco-French subsidiary, telecommunication industry)*

### 3.6.3 A Comparison of French and US T&D practices

Distinctive patterns of national culture were evident in this study and impacted the successful transfer of T&D practices. The centralization of T&D is noticeable in French and US MNCs'



subsidiaries and is associated with formalization. Formalization of T&D practices was enabled by the use of electronic information systems and tools such as the corporate intranet. Any amendments made to existing T&D practices by headquarters are communicated through emails and corporate intranet, and subsidiaries are required to implement them accordingly. Our interviewees also reported the use of written documents such as the global HRM manual. Although French and US subsidiaries are expected to comply with T&D policies and requirements specified by their headquarters and set out in standardized documents, subsidiaries' managers are allowed some level of discretion to slightly modify them to fit specific requirements within the Ivorian context. Nevertheless, such adaptation could only be made by following the parent's existing written procedures/instructions for tailored or locally developed T&D practice. T&D contents offered in subsidiaries of French and US MNCs focus on both technical and managerial skills. Approach to T&D in subsidiaries of French MNCs mainly involves the use of face-to-face training. On the other hand, subsidiaries of US MNCs use a blended learning approach. The reaction of subsidiaries' managers towards these practices is interesting. For example, US firms' approach of blended learning involves distance learning, the delivery of training content through instructional media such as a computer, and a minimum level of interaction between trainer and trainee. This is unfamiliar in the Ivorian education system and might be considered incompatible in a collectivist society. Following this, it could be expected that the transfer of T&D practices into subsidiaries of French and US MNCs in Ivory Coast could lead to opposition from local employees. However, in practice, no opposition to the blended learning approach was recorded. Only preference for the delivery of training content by a trainer and preference for face-to-face training was noted. Subsidiaries' managers had a positive perception of French and US centralization and formalization of T&D practices. For example, subsidiaries of US MNCs described it as being uniform and time-saving. In contrast, French MNCs' subsidiaries described it as promoting a knowledge-sharing organizational culture and being beneficial to their self-performance and organizational performance. Finally, subsidiaries of US MNCs relied more on written policies and internal networks to promote the transfer of T&D practices, whereas subsidiaries of French MNCs used a combination of written policies and French expatriates to promote the transfer of T&D practices.

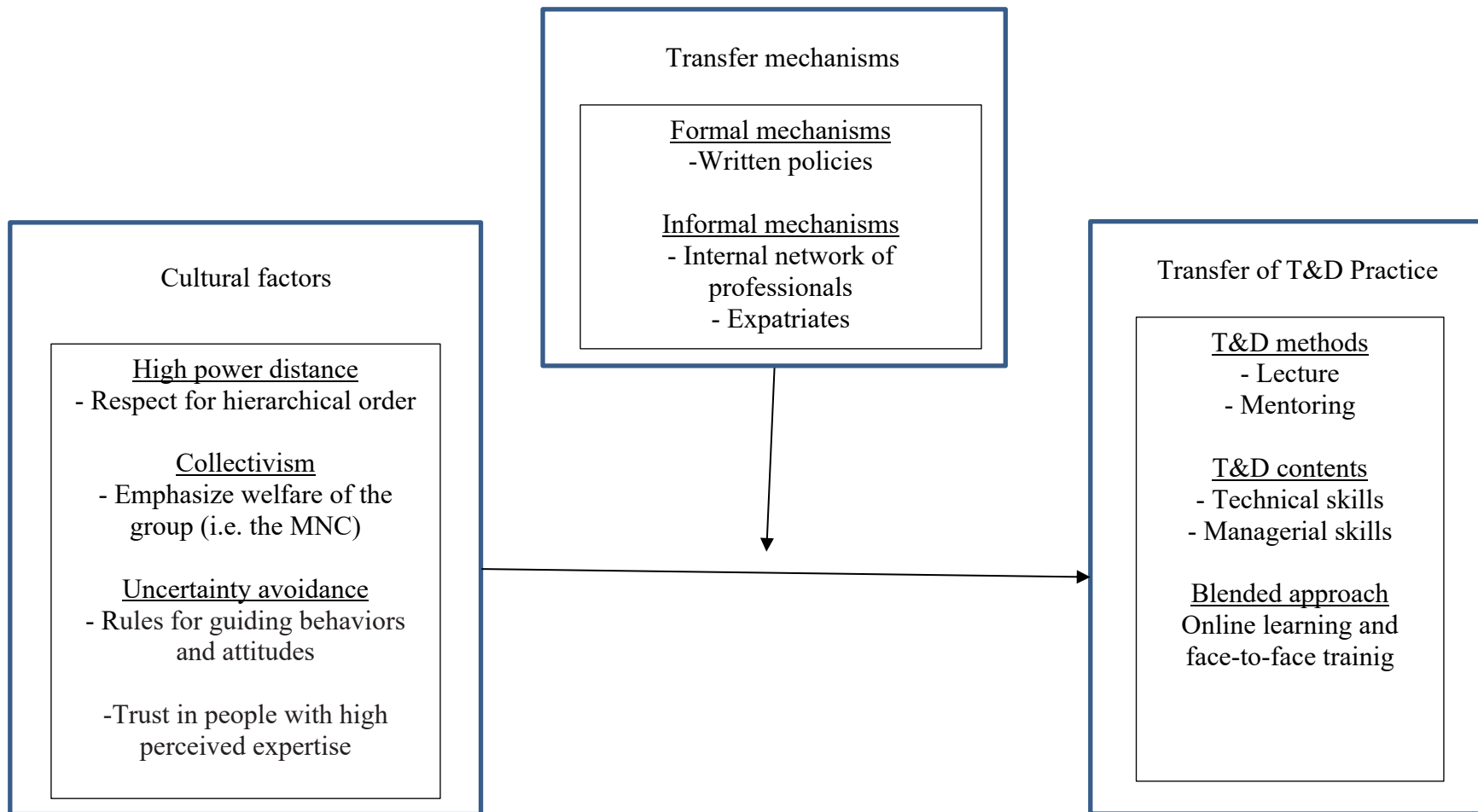


Figure 5. Summary of findings

### **3.7 Discussion**

The purpose of this article was to investigate the influence of cultural distance on the transfer of T&D practice to French and US MNCs' subsidiaries in Ivory Coast. Existing studies have shown that the extent to which MNCs can transfer organizational practices to their foreign subsidiaries depends on cultural distance. The greater the cultural distance, the more challenging the transfer is perceived to be and vice versa. However, our findings indicate that this is not always so. Our study shows that T&D practice was easily transferred, despite cultural distance between home and host countries. More specifically, we found that the transfer was possible through transfer mechanisms as long as these transfer mechanisms are in line with the host country's culture. Our findings imply that the cultural distance between home and host countries is not necessarily proportional to the degree of transfer difficulty. In other words, the influence of the cultural distance on T&D practice transfer is relatively insignificant. Several explanations are possible for this finding. We highlight three.

First, there is the centralization of T&D practice. Our findings indicate that French and US MNCs have transferred T&D practices to their subsidiaries. For example, T&D methods and contents are normally set at the MNCs' headquarters and instructions are passed on to subsidiaries to be executed. In turn, subsidiaries managers accept transferred T&D practices without questioning them. This is related to the fact that people in high power distance societies like Ivory Coast are likely to have high respect for authority, resulting in centralized power and acceptance of authority (Hofstede, 2001). The fact that subsidiaries managers accept transferred T&D practices without questioning them could also be in line with the moderate uncertainty avoidance characteristic of the Ivorian culture. People in such societies are likely to accept new ideas and willing to try something new or different, whether it pertains to practices, business, etc. (Hofstede Insight, 2020). Another reason why subsidiaries managers might have accepted transferred T&D practices without questioning them could also be related to the collectivism dimension of the Ivorian culture. In collectivist societies, decisions are based on what is best for the group (i.e. the MNC in this case) (Hofstede insight).

Second, there is the formalization of T&D practice. We found that T&D policies and practices specified are set out in standardized written documents like the global HRM manuals. Any amendments made to existing T&D practices by headquarters are communicated through emails and corporate intranet, and subsidiaries are required to implement them accordingly. Local adaptation, however limited, could only be done by following parent's existing written procedures / instructions for tailored or locally developed T&D practice. Moreover, T&D contents are taught by experts from their parent companies, and parent companies are considered as a source / supplier of expertise that subsidiaries' managers trust for upholding their professional standards to the highest. These findings are in line with the uncertainty avoidance that characterizes the Ivorian culture, whereby people are likely to welcome rules for guiding their behaviors (Hofstede, 2001) and put their trust in those they consider to be experts because they feel uncomfortable in uncertain and ambiguous situations (Hofstede, 1983). The fact that subsidiaries can draw upon the resources of their parent to maintain their professional standards to the highest is also in line with the collectivism dimension of the Ivorian culture. In collectivist societies, people blend in, and emphasis is placed on the welfare of the group (i.e. the MNC in this case) to which the individual (i.e. the subsidiary in this case) belongs (Hofstede, 2001).

Third, there is interaction with instructors and other learners. Delivery of T&D contents in French and US subsidiaries is based on interaction with experts and other learners, which is in line with the collectivism dimension that characterizes the Ivorian culture. On the other hand, it is worth pointing out that even though US subsidiaries use a blended learning approach, which involves the combination of face to face and technology-based modes of delivery, the technology-based mode of delivery is not comfortable to some subsidiaries' managers. They mentioned that their preference for face-to-face training where they can ask questions and involve in discussion groups.

### **3.7 Conclusion**

In this study, we investigated the influence of cultural distance on the transfer of T&D practice at French and US MNCs' subsidiaries. Our findings show that T&D practice was easily transferred, despite cultural distance between home and host countries. More

specifically, we found that the transfer is possible through transfer mechanisms as long as these transfer mechanisms are in line with the host country's culture.

This study offers two main contributions. First, unlike existing studies that argue that the greater the cultural distance, the more challenging the transfer process (Aoki, Delbridge & Endo, 2014), our research indicates that this is not always so. We found that T&D practice was easily transferred, despite cultural distance between home and host countries. More specifically, we found that the transfer is possible through transfer mechanisms as long as these transfer mechanisms are in line with the host country's culture. Our findings imply that the cultural distance between home and host countries is not necessarily proportional to the degree of transfer difficulty. In other words, the influence of the cultural distance on T&D practice transfer is relatively insignificant.

Second, a growing number of studies have been conducted on HRM practices transfer. Among these studies, however, T&D practice transfer was not the focus but rather part of an extensive HRM practice array. Moreover, most of these studies have been conducted in developed and emerging countries, and little is known about developing countries, particularly those of Africa. By investigating the influence of cultural distance on T&D practice transfer, this paper expands knowledge to an underexplored area.

In addition to its contributions, this article has practical implications. First, we developed a model of factors that promote T&D practice transfer in the Ivorian context, despite the cultural distance between home and host countries. This model sheds light on the importance of matching transfer mechanisms with host country's culture during the transfer process. Second, our model could help MNCs' managers overcome potential resistance to practices transfer by choosing appropriate transfer mechanisms.

Finally, this article has some limitations. First, it exclusively focuses on a portion of French and US subsidiaries of one industry in one African country. Moreover, by adopting a qualitative method, this research does not rely on a large sample, as would occur with a survey approach. Thus, caution has to be taken on generalizing our findings to other foreign

subsidiaries and domestic firms from different industries in different contexts because different results may be found. This article can serve as a basis for subsequent research and theory development because it provides a good foundation for empirical testing of the model. Future research could statistically test our findings in the same or similar contexts. Studies focused on particular industries and / or similar company sizes could improve our understanding and generate industry-specific insights. Inclusion of unsuccessful cases might also provide a clearer picture. Future studies could also include data from parent companies. There is also a whole array of additional research questions that could be addressed in the future to get an even better understanding of the process HRM practice transfer. Addressing these questions will also add to our understanding of the influence of cultural distance on HRM practices transfer in the African context.

<b>Companies</b>	<b>Headquarters</b>	<b>Position of person interviewed</b>	<b>Number of Interviews</b>
Expertco1	USA	Executive manager Managers	4
Expertco2	USA	Executive manager HR manager Managers	4
Expertco3	USA	HR manager Managers	4
Expertco4	USA	HR manager Managers	4
Teleco	France	HR manager Managers	4
Insuco1	France	HR manager Managers	4
Insuco2	France	HR manager Managers	4
Banco1	France	HR manager Managers	4
Banco2	France	Executive manager HR manager Managers	4
Tranco1	France	HR manager Managers	4
Tranco2	France	HR manager Managers	4

Table 6. Summary on companies and respondents

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## **Conclusion**

The main objective of this study was to examine the influence of institutional and cultural factors on training and development practice transfer to French and US MNCs' subsidiaries in Ivory Coast. Previously, a great deal of the literature on the topic has focused on developed and emerging countries and little was known about developing countries, particularly those of Africa. Moreover, T&D practice transfer was not the focus of these studies, but rather part of a large array of HRM practices.

Unlike existing studies that show that institutional and cultural factors challenge the cross-national transfer of practices, our research's findings indicate that this is not always so. First, we found that the host country's institutions and institutional policies have facilitated T&D practice transfer despite institutional differences between home and host countries. More specifically, we found that the regulative, cognitive, and normative institutions of Ivory Coast have facilitated the transfer of training and development practice to French and US MNCs' subsidiaries. Second, we found that the cultural distance between countries did not challenge the transfer process. Instead, we found that the transfer was possible through transfer mechanisms as long as these transfer mechanisms align with the host country's culture.

## **Theoretical Contributions and Managerial Implications**

This study offers several contributions. First, unlike existing research that shows that the host country's institutional environment constrains HRM practices transfer, our study indicates that this is not always so. We found that the host country's institutions have facilitated the practice transfer by shaping subsidiaries' employees' perception of the practice. Our findings suggest that the host country's institutions and policies are important determinants of T&D practice transfer in developing countries of Africa like Ivory Coast. Second, unlike existing studies that argue that the greater the cultural distance, the more challenging the transfer process (Aoki, Delbridge & Endo, 2014), our research indicates that this is not always so. We found that T&D practice was easily transferred, despite cultural distance between home and host countries. More specifically, we found that the transfer is possible through transfer mechanisms as long as these transfer mechanisms are in line with the host country's culture. Our findings imply that the cultural distance between home and host countries is not

necessarily proportional to the degree of transfer difficulty. In other words, the influence of the cultural distance on T&D practice transfer is relatively insignificant. Third, a growing number of studies have been conducted on HRM practices transfer. Among these studies, however, T&D practice transfer was not the focus but rather part of an extensive array of HRM practice. Moreover, most of these studies have been conducted in developed and emerging countries, and little is known about developing countries, particularly those of Africa. By investigating the influence of institutional and cultural factors on T&D practice transfer in Ivory Coast, this paper expands knowledge to an underexplored area.

The article has practical implications. First, we developed a model of institutional factors that promote HRM transfer, focusing on T&D practice in the Ivorian context. This model could be beneficial to guide MNCs' managers in their decision-making process regarding where to open new subsidiaries in Africa. It could also guide developing countries of Africa to develop and implement institutional policies that promote such transfer. Second, we developed a model of factors that promote T&D practice transfer in the Ivorian context, despite the cultural distance between home and host countries. This model sheds light on the importance of matching transfer mechanisms with host country's culture during the transfer process. It could also help MNCs' managers overcome potential resistance to practices transfer by choosing transfer mechanisms that are in line with their host countries' culture.

### **Limitations and Future Research Avenues**

This research is subject to some limitations. First, it concentrates only on French and US subsidiaries in one developing country of Africa, namely Ivory Coast. Second, by adopting a qualitative method, this research does not rely on a large sample, as would occur with a survey approach, and thus broad generalization to a large number of MNCs subsidiaries may carry certain risks. However, this research can serve as a basis for subsequent research and theory development because it provides a good foundation for empirical testing of the models. Future research could statistically test our findings in the same or similar contexts. Studies focused on particular industries and / or similar company sizes could improve our understanding and generate industry-specific insights. Inclusion of unsuccessful cases might also provide a clearer picture. For future research in this area, it may also be fruitful to

broaden the sample by including other French and US subsidiaries established in Ivory Coast to validate the research model employed here. Subsequently, the research variables could be operationalized for future comparative studies of T&D practice transfer between foreign MNCs subsidiaries implemented in other Sub-Saharan African countries. This, in turn, would generate a greater understanding in studying HRM in this region.

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## Annex I. Information on Subsidiaries

Companies	Information
Expertco1 Expertco2 Expertco3 Expertco4	Created in 1969 (Expertco1), 1992 (Expertco2), 1994 (Expertco 3) and 1990 (Expertco 4), these companies are professional services firms that provide Audit, Tax and Advisory services.
Teleco1	Created in 2002, this company operates in the telecommunication sector. It's the leading operators in Côte d'Ivoire in terms of coverage and number of customers. It offers various types of services including telephone, internet and mobile money. Through its Research and Development department, the company invests massively in the acquisition of cutting-edge equipment to ensure optimal quality in terms of network.
Insuco1 Insuco2	Created in 2009 (Insuco1) and 2016 (Insuco2), these companies are dedicated to protecting property and people. They are among the leading integrated financial services providers that offer life and non-life insurance.
Bankco1	Created in 1941, this company has established itself as a benchmark bank, and a leader in the Ivorian and sub-regional banking market. It supports all economic players: State, households, professionals and companies through teams of proactive experts and a rich and complete range of personalized products and services, designed to support customers at each stage of their development, locally and internationally.
Bankco2	Created in 1962, this company is one of the banks with the largest branch network in Ivory Coast. It operates in the financial sector and is dedicated to ensuring service quality and professionalism, among others. The diversity of its

	<p>products and services ensures its status of predominant player for the economic growth of the country. In addition to its traditional banking activities, the company is active on the financial markets.</p>
Tranco1	<p>Created in 1959, this company operates in the financial sector and offers complete end-to-end supply chain solutions to its clients including air, ocean freight, ground transportation, customs brokerage, warehousing &amp; distribution and other value-added services. It also has a broad range of capabilities and experienced staff to handle both general cargo and project cargo with specific expertise in sectors such as oil &amp; gas, mining, humanitarian aid, food &amp; beverages, energy, telecommunications, and soft commodities.</p>
Tranco2	<p>Created in 2013, this company ensures the consignment of vessels and the transportation of goods such as cocoa, cashew, cotton, rubber, fruits (mango-banana-pineapple). It offers maritime solution through the marketing of 2 services of shipping lines, management of loading, unloading and transshipment operations, Administrative, accounting and financial follow-up of ship calls</p>



## **Annex II. Interview Guide for Subsidiaries' HR Managers**

### Personal information about respondents

Tell me about yourself (name, age range, education)

What position do you occupy in the company and for how long have you been in that position?

### Company structure, operations, and management

Could you tell me about your company (date of creation, sector of activity, national origin of your parent company)

Could you explain the structure of your company and its operations?

What is the relationship between the headquarters and the subsidiary?

### Training and development

Can you tell me about your T&D practice?

Who is responsible for T&D practice provided in the subsidiary?

What kind of T&D practices have been transferred to the subsidiary?

How were they transferred?

Why were they transferred?

How important was that?

How did you implement them?

Does headquarter issue any guidelines that the subsidiary has to follow?

Who delivers the training?

### Subsidiary's perception of the transferred practice

What did management think about the transferred T&D practices?

How did management respond to the transferred practice?

How would you explain their responses?

### Institutional and Cultural factors

Are there any local institutions that influenced the transferred T&D practices in terms of methods, contents, process? Which ones and how?

Are there any local cultural influences shaping the transferred T&D practices in terms of methods, contents, process? Which ones and how?

## **Annex III. Interview Guide for Subsidiaries' Managers**

### Personal information about respondents

Tell me about yourself (name, age range, education)

What position do you occupy in the company and for how long have you been in that position?

### Company structure, operations, and management

Could you tell me about your company (date of creation, sector of activity, national origin of your parent company)

Could you explain the structure of your company and its operations?

What is the relationship between the headquarters and the subsidiary?

### Training and development

Can you tell me about your T&D practice?

Who is responsible for T&D practice provided in the subsidiary?

What kind of T&D practices have been transferred to the subsidiary?

How were there transferred?

Why were they transferred?

How important was that?

How was it implemented?

Does headquarter issue any guidelines that the subsidiary has to follow?

Who delivers the training?

### Subsidiary's perception of the transferred practice

What did you think about the transferred T&D practices?

How did you respond to the transferred practice? Why?

### Institutional and Cultural factors

Are there any local institutions that influenced the transferred T&D practices in terms of methods, contents, process? Which ones and how?

Are there any local cultural influences shaping the transferred T&D practices in terms of methods, contents, process? Which ones and how?