

**KNOWLEDGE TRANSFER, CULTURAL DISTANCE AND FINANCIAL  
PERFORMANCE OF MULTINATIONAL  
CORPORATIONS IN UGANDA.**

**BY**

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## **ABSTRACT**

**Purpose** - This study was carried out with the specific objectives as to establish the relationship between knowledge transfer, culture distance and financial performance of MNCs in Uganda.

**Methodology** - Data was collected from 106 respondents using purposive sampling from foreigners from MNCs in Uganda using structured questionnaires and analysed using SPSS computer programme. It involved descriptive and analytical research designs. The data was tested for reliability, analyzed using SPSS and results presented based on the study objectives.

**Results** – Results revealed that there is a positive and significant relationship between cultural distance and financial performance while the relationship between knowledge transfer and financial performance was found to be positive but statistically insignificant and the relationship between cultural distance and knowledge transfer was found to be negative. This implies that when one variable is improved( cultural distance is narrowed) it leads to improvement of the other (financial performance). In addition, cultural distance is a better predictor of financial performance and knowledge transfer according to this study is not. This does not mean that knowledge transfer is irrelevant to financial performance. Therefore to improve on financial performance; emphasis should be put on narrowing cultural distance according to this study.

**Recommendations** - The study recommended MNCs to improve the relationship of MNC home office and subsidiaries before knowledge transfer, manage the challenges posed by cultural distance to knowledge transfer that can later affect financial performance and create conducive environment for Knowledge transfer.

