

EFFECT OF DIFFERENTIAL TREATMENT BETWEEN EXPATRIATELOCAL EMPLOYEE RELATIONS ON SALES PERFORMANCE IN FOREIGN OWNED FOREST INDUSTRIES IN MUFINDI DISTRICT

ABSTRACT

This study assessed the effect of differential treatment between expatriate local employee on sales performance in foreign owned forest industries in Mufindi District. The study adopted a mixed research approach, employing both quantitative and qualitative methods. For the quantitative component 100 respondents participated, while the qualitative component involved 5 respondents. Quantitative data were analyzed using descriptive statistics, correlation and regression analyses, whereas qualitative data were examined through thematic analysis. The findings revealed that perceptions of workplace fairness (DT1) do not significantly predict sales outcomes, while incentives (DT2) and compensation (DT3) both have a significant relationship with sales performance. The study conclude that the applicability of incentives and compensation has has significant confluence on sales performance, although a notable proportion of firms still experienced declines. Based on these findings, the study recommends that management should address disparities between expatriate and local employees, ensuring fairness and cohesion, which could further enhance overall organizational sales performance.

Key Term: Differential Treatment, Workplace fairness, Incentives, Compensation and Sales Performance

1. BACKGROUND OF THE STUDY

In Human Resource Management (HRM), an expatriate is defined as an employee sent by their organization to work abroad for an extended period, often in senior management or specialist roles to transfer knowledge, manage subsidiaries, or gain international experience (Jiang *et al.*, 2015; Bednarova, 2018). Expatriates are frequently regarded as high performance workers due to the unique and demanding nature of their assignments. However, their integration into host countries requires awareness of different legislative environments and human resource practices (Egerová, 2015). Within multinational organizations, expatriate local employee relations represent the professional dynamic between foreign-assigned staff and native employees. These relationships are often marked by differences in perceived status and treatment, which can influence workplace harmony, collaboration, and overall organizational performance (Bonache, 2014; Bücker, 2016).

Foreign-owned forest industries rely heavily on these relationships, as both expatriates and local employees bring critical strengths. Expatriates contribute technical expertise and global business knowledge, while locals provide cultural insights, consumer awareness, and understanding of market-specific needs (Shaffer *et al.*, 2012). When managed effectively, such collaboration enhances teamwork, decision-making, and customer engagement, thereby improving sales performance. Conversely, studies across Asia and Africa show that poor expatriate-local relations driven by cultural misunderstandings, unequal treatment, and communication barriers can undermine productivity and sales (Chen & Kim, 2019; Kibwika & Opio, 2020; Adomako *et al.*, 2019). In Tanzania, where forestry is a major contributor to the national GDP through

foreign direct investment, Mufindi District has emerged as a hub for foreign-owned forest industries. Despite this, research has primarily focused on production outputs rather than how expatriate-local dynamics affect sales, leaving a significant gap in knowledge (Chuwa *et al.*, 2023).

Evidence suggests that in Mufindi's foreign owned forest industries, disparities between expatriates and local employees are widespread. Expatriates often receive preferential treatment in terms of compensation, leadership opportunities and recognition, while locals face limited training, fewer promotions and exclusion from key decision making processes (Osei-Tutu *et al.*, 2023). Unequal job assignments further deepen divisions, with expatriates placed in strategic roles and locals in labor intensive tasks (Alsharif *et al.*, 2021). Such differential treatment breeds resentment, reduces morale, and weakens teamwork factors that negatively influence communication, employee motivation, and ultimately sales performance (Khan, 2017; Park & Harris, 2021). Tanzanian labor laws, such as the Employment and Labor Relations Act (2004) and the Non Citizens (Employment Regulation) Act (2015), emphasize non discrimination and knowledge transfer, while international frameworks like ILO Convention No. 111 reinforce equal treatment in employment (Colquitt *et al.*, 2019). Nevertheless, workplace realities in Mufindi suggest that inequities persist, creating tensions that affect both operations and revenue. Addressing these challenges through fair treatment, inclusive leadership and cultural adaptability programs (Hofstede, 2021) is therefore essential. This study specifically investigated the effect of differential treatment between expatriate local employee relations on sales performance in foreign-owned forest industries in Mufindi District, filling an important gap in existing literature.

2. LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 The Equity Theory

The Equity Theory developed by John Stacey Adams (1963), focuses on the concept of fairness in workplace relationships. It suggests that employees compare their input-to-output ratio (effort versus rewards) with that of their peers (Adams, 1963). When they perceive fairness, they remain motivated and committed. However, perceived inequity whether in terms of salary, benefits, or treatment leads to dissatisfaction, reduced effort, or even withdrawal from the organization (Pinder, 2014). This theory highlights the importance of maintaining equitable workplace practices to ensure employee motivation and overall productivity (Guerrero *et al.*, 2016).

The assumptions of Equity Theory revolve around the idea that employees seek fairness in their work environment (Adams, 1965). It assumes that individuals evaluate their inputs, such as skills, experience, and effort, against the rewards they receive, including salary, recognition, and career growth (Robbins and Judge, 2018). If employees perceive an imbalance where their contributions outweigh their rewards or vice versa, they may react by adjusting their performance, seeking change, or becoming disengaged (Greenberg, 2019). The theory further assumes that these comparisons are not made in isolation but are influenced by social interactions within the workplace.

Equity Theory has several strengths. It effectively explains how perceptions of fairness impact employee motivation and workplace behavior (Colquitt *et al.*, 2021). It

emphasizes the psychological and social aspects of employee satisfaction, recognizing that motivation is influenced not just by tangible rewards but also by perceived treatment (Armstrong and Taylor, 2020). The theory is widely applicable across different industries and work settings, making it useful for understanding issues related to compensation, promotion and employee engagement. However, the theory also has some weaknesses. The concept of fairness is subjective, varying from one employee to another, making it difficult for organizations to measure and address equity concerns accurately (McKenna, 2021). Additionally, the theory does not fully account for external factors, such as economic conditions or industry-wide pay scales that may influence employee perceptions (Shore *et al.*, 2018). Moreover, employees may not always respond to perceived inequity in a productive way; some may reduce their effort rather than seeking constructive solutions.

The relationship between Equity Theory and the research objectives is evident in several ways. For instance, the trends in sales performance is related to the idea that consistent perceptions of inequity over time can lead to declining motivation and, consequently, lower sales performance (Pinder, 2014). Similarly, the theory emphasizes fairness in social interactions. Hence, good working relations between expatriate and local employees may influence positively the sales performance of an organization (Cropanzano and Mitchell, 2015). If employees feel they are not being treated fairly, tensions may arise, leading to decreased teamwork and efficiency (Robbins and Judge, 2018). In order to improve performance, the Equity Theory suggests that, an organization should ensure fair compensation, fostering inclusivity, and improving communication between expatriates and local employees.

To enhance sales performance in foreign-owned forest industries, organizations should implement measures that address fairness concerns (Colquitt *et al.*, 2021). Ensuring transparency in compensation and benefits can help minimize disparities and maintain employee motivation (Shore *et al.*, 2018). Conducting salary audits and aligning rewards with employee contributions can further promote fairness. Organizations should also foster a culture of equal opportunities by providing training and development programs accessible to both expatriates and local employees (Guerrero *et al.*, 2016). Enhancing workplace communication is crucial, as regular feedback sessions can help address employee concerns and prevent misunderstandings (Pinder, 2014). Additionally, promoting inclusivity through team-building activities and cross cultural training can improve relations between expatriates and local employees, reducing workplace conflicts. Lastly, implementing a fair and performance based reward system, where recognition and incentives are given based on merit rather than nationality, can help boost employee morale and productivity.

2.1.2. Resource-Based View Theory (RBV)

Resource Based Theory (RBV) focuses on the strategic importance of an organization's internal resources in achieving a competitive advantage (Barney, 1991). The theory suggests that firms can gain and sustain a competitive advantage by effectively utilizing valuable, rare, inimitable, and non-substitutable (VRIN) resources (Wernerfelt, 2019). These resources may include tangible assets such as machinery and finances, as well as intangible assets like employee skills, organizational culture, and strong workplace relationships (Grant, 1991). By leveraging unique internal resources, organizations can enhance their efficiency, productivity, and overall

performance. The RBV theory is based on several assumptions. First, it assumes that resources within firms are heterogeneous, meaning that different firms possess unique resources that differentiate their performance levels (Barney, 1991). Second, it assumes that these resources are immobile, implying that they are not easily transferable between firms, making it difficult for competitors to replicate a firm's competitive advantage (Amit, 2019). Lastly, the theory assumes that resources contribute to long-term success only if they meet the VRIN criteria being valuable, rare, difficult to imitate, and non-substitutable (Barney, 2001).

One of the key strengths of RBV is that it provides a long-term perspective on organizational success by emphasizing internal capabilities rather than external market conditions (Priem and Butler, 2021). It helps firms identify and develop their core competencies, leading to sustained performance improvements (Teece, 2017). Additionally, the theory highlights the importance of human capital as a critical organizational resource, recognizing that employees' knowledge, skills, and collaboration significantly impact performance (Lepak & Snell, 1999).

However, RBV has some weaknesses. It overemphasizes internal factors and does not sufficiently consider external environmental changes such as market trends, competition, and economic shifts (Eisenhardt, 2020). Moreover, while the theory identifies valuable resources, it does not clearly outline how firms should develop and sustain them over time. RBV theory is closely related to the research objectives in several ways. First, in order to determine the trends of performance of an organization, the theory emphasize that, there should be effective utilization of internal resources such as skilled employees, technology, and management strategies in driving long-term sales growth (Snell, 2017). Similarly, working relations between expatriates and local employees, may affect organization performance. Therefore, RBV emphasizes that, strong interpersonal relationships and collaboration are valuable organizational resources (Grant, 2016). A lack of teamwork and poor communication can reduce efficiency, leading to decreased sales performance. Basing on the theory, measures that can be taken to improve sales performance of an organization include the need for investing in and optimizing internal resources such as employee development, fair HR policies, and improved organizational culture.

For better sales performance in foreign owned forest industries, organizations should adopt strategies based on RBV principles. First, firms should invest in employee training and development to enhance their human capital, ensuring that both expatriates and local employees acquire skills that contribute to the organization's success (Kochhar, 2021). Second, fair and inclusive HR policies should be implemented to eliminate differential treatment between expatriates and locals. Ensuring that all employees feel valued will boost motivation and performance (Lado and Wilson, 2014). Third, strengthening workplace relationships through team-building programs and cross-cultural training can enhance collaboration, making human capital a more effective resource for the organization (Barney and Wright, 2018). Fourth, organizations should leverage technology and innovation as key resources to optimize sales processes and improve efficiency (Fuerst, 2015). Finally, firms should regularly assess and refine their resource allocation strategies, ensuring that valuable internal assets both human and physical are utilized effectively to maintain a competitive advantage and improve sales performance.

2.2 Empirical Review: Effect of Differential Treatment on Sales Performance

John and Peterson (2023) conducted a study titled "The Impact of Expatriate Local Employee Relations on Firm Performance: Evidence from Manufacturing Firms in East Africa". The study aimed to examine how disparities in compensation, promotion and training opportunities between expatriates and local employees affect sales performance. A quantitative research approach was used with a cross sectional survey design. The target population consisted of employees in foreign owned manufacturing firms, and a sample of 250 respondents was selected through stratified random sampling. Data were collected using questionnaires and structured interviews and multiple regression analysis was applied. The findings revealed that firms with significant disparities faced lower employee morale, increased turnover rates and declining sales performance. The study recommended implementing equitable policies to minimize disparities and enhance workforce motivation. Further research was suggested to examine the impact of expatriate-local employee integration on firm competitiveness.

Kimani and Otieno (2024) conducted a study titled "The Influence of Workforce Diversity on Organizational Productivity: A Study of Foreign Owned Firms in Kenya". The study sought to analyze the impact of differential treatment of employees on organizational productivity. A mixed methods approach was applied, with a case study design focusing on foreign owned companies. The study targeted employees and management, selecting a sample of 200 employees and 50 managers through purposive sampling. Data were collected using surveys, focus group discussions and document analysis and correlation analysis was used for data analysis. The study found that firms with significant wage and benefits gaps between expatriates and locals experienced lower productivity, increased internal conflicts, and stagnated sales performance. It was recommended that organizations implement fair compensation structures and diversity management policies. Further research was suggested to assess the long-term financial impact of wage disparities on business sustainability.

Patel *et al.* (2023) conducted a study titled "Expatriate Compensation Policies and Their Effect on Local Employee Satisfaction: A Case of the Forestry Sector in Southern Africa". The study investigated how expatriate compensation policies influenced local employee satisfaction and firm performance. A quantitative approach with a longitudinal study design was used, targeting employees in foreign owned forestry firms. A sample of 300 employees was selected using random sampling, and structured questionnaires were used for data collection. Regression analysis was applied, revealing that firms with wide compensation gaps between expatriates and local employees faced significant resistance from local workers, leading to reduced efficiency, frequent labor strikes and decreased sales growth. The study recommended implementing performance based reward systems to create fairness. Further research was suggested on how cultural differences influence expatriate local employee dynamics.

Wang and Zhao (2024) examined "Cross Cultural Management and Employee Engagement: Evidence from Foreign Owned Companies in Africa". The study explored how differences in management styles between expatriates and local employees affected engagement and performance. A qualitative approach was employed using an ethnographic study design. The target population included expatriates and local employees in multinational corporations, with a sample of 50

expatriates and 100 local employees selected through snowball sampling. Data were collected through indepth interviews and participant observations and thematic analysis was used. Findings showed that companies failing to integrate local employees into decision making processes and leadership roles reported lower employee engagement and reduced sales performance. The study recommended that foreign-owned firms implement training programs to foster collaboration between expatriates and local employees. Future research should explore the impact of leadership styles on expatriate local employee relations.

Mugisha and Nkurunziza (2023) conducted a study titled "The Role of Cultural Sensitivity in Enhancing Workforce Performance in Foreign Owned Businesses: A Study in Rwanda". The study examined the impact of cultural sensitivity on employee performance in foreign owned firms. A mixed methods approach with a case study design was used, targeting employees in foreign owned firms. A sample of 220 employees was selected through stratified random sampling and data were collected using surveys and key informant interviews. Correlation analysis was applied, and findings indicated that firms providing equal career growth opportunities to expatriates and local employees experienced higher levels of teamwork and improved sales revenue. The study recommended integrating cultural sensitivity training programs to promote inclusion. Further research was suggested to examine the role of government policies in addressing labor disparities in foreign owned firms.

Smith and Johnson (2024) conducted a study titled "The Impact of Expatriate Management on Sales Growth in Multinational Enterprises: Evidence from Tanzania". The study analyzed how expatriate leadership affected sales growth in foreign-owned firms. A quantitative approach with a cross sectional study design was used, targeting managers and employees in foreign owned firms. A sample of 280 respondents was selected through convenience sampling, and data were collected through online and physical surveys. Multiple regression analysis was applied and findings showed that firms where expatriate managers failed to involve local employees in strategic decision making experienced lower sales growth and higher employee dissatisfaction. The study recommended that firms invest in leadership development programs encouraging collaboration between expatriates and local employees. Further research was suggested to explore how local employees perceive expatriate leadership styles and their impact on productivity.

Oluwole and Mensah (2022) carried out a study titled "*Perceptions of Discrimination and Sales Effectiveness in Multinational Retail Chains in West Africa*". Using a cross sectional survey design with 400 respondents, the findings revealed that perceived discrimination against local employees in training and career advancement opportunities lowered employee morale and negatively influenced sales performance. The authors recommended diversity management strategies to reduce inequalities.

Gibson and Taylor (2023) examined "The Role of Differential Treatment in Multinational Firms: Evidence from the Forestry Sector in Zambia". A qualitative case study approach was employed, focusing on two foreign-owned forestry companies. Through interviews and document analysis, the study found that favoritism toward expatriates in promotions and strategic decision making excluded local employees, leading to low motivation, disengagement and declining sales performance. The study recommended inclusive leadership policies to bridge the gap.

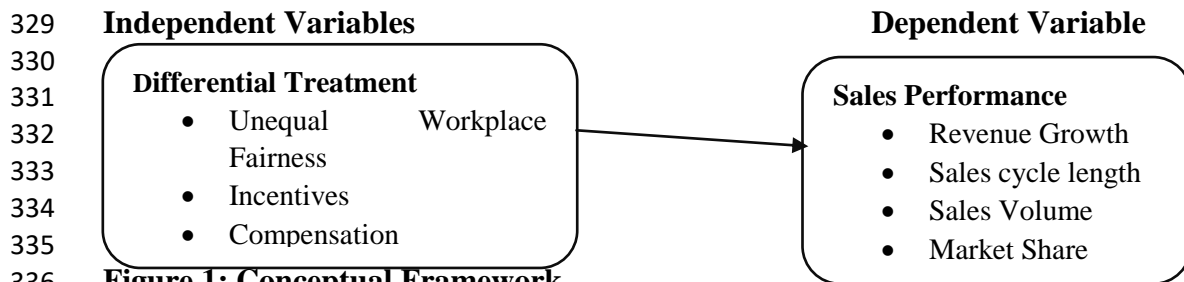
Omondi and Achieng (2024) studied “Fairness, Equity and Employee Productivity in Multinational Firms in Kenya”. The research used a cross sectional survey of 280 employees in Nairobi based foreign owned firms. Regression analysis revealed that when fairness in promotions, salaries and career growth opportunities was absent, sales performance dropped significantly. Firms that introduced transparent HR policies reported improved employee satisfaction and stronger sales growth.

2.3 Knowledge Gap

Most existing studies have focused on general firm performance, revenue growth, market expansion and foreign ownership effects in various industries (Bolarinwa *et al.*, 2024). However, there is limited research specifically examining the impact of expatriate local employee relations on sales performance in foreign owned forest industries in Mufindi District. Previous studies (John & Peterson, 2023; Wang & Zhao, 2024) have explored expatriate local relations in manufacturing firms and multinational corporations but not in the forest industry, which has difference operational and cultural dynamics like manufacturing firms and multinational corporations. Additionally, prior research has focused on employee engagement and general firm performance, but not specifically on how differential treatment between expatriates and local employees influences sales performance. This study will address this gap by focusing on the forest industry in Mufindi District and assessing the impact of workplace relations on sales performance. The studies reviewed rely on various theories related to firm performance and international business but have not sufficiently applied Resource Based Theory (RBT) in examining expatriate local employee relations (Lawlwer, 2021). While RBT emphasizes internal resources as a source of competitive advantage, most existing studies have not fully explored how human resource allocation, inclusivity and knowledge sharing between expatriates and local employees affect organizational performance in foreign owned forest industries (Khan, 2017). This study will bridge the theoretical gap by integrating RBT into expatriate local workplace dynamics, assessing how equitable resource distribution and inclusivity contribute to sales performance. Existing studies have such as (John & Peterson, 2023) predominantly used quantitative approaches (logistic regression, ordinary least squares, multivariable decomposition) focusing on broad numerical analyses of firm performance. However, aspects such as workplace inclusivity, knowledge sharing and differential treatment require deeper qualitative insights. Some studies (Wang & Zhao, 2024) used ethnographic qualitative methods but focused on general multinational corporations rather than the forest industry in Tanzania. This study addresses the methodological gap by using a mixed methods approach, incorporating both quantitative analysis (to measure sales performance outcomes) and qualitative insights (to understand employee relations and workplace).

2.4 Conceptual Framework

This is the relationship between independent variables and the dependent variable (Mugenda, 2017). The study examines Expatriate-Local Employee Relations as the independent variable, focusing on differential treatment, working relation, and workplace inclusivity and their influence on the dependent variable, Sales Performance.



336 **Figure 1: Conceptual Framework**

337 **Source: Researcher, (2025)**

339 **3. RESEARCH METHODOLOGY**

340 This study was conducted in Mufindi District, a district characterized by several
 341 foreign owned forest industries that employ both expatriate and local staff. The area
 342 was selected because of its dynamic forestry sector and the significance of expatriate
 343 local relations in shaping sales performance outcomes. Guided by Kothari (2019) and
 344 Creswell (2018), the study adopted a mixed method approach, using a deductive
 345 strategy for quantitative analysis and an inductive strategy for qualitative exploration,
 346 as recommended by Creswell and Plano Clark (2018). A descriptive research design
 347 was employed, suitable for observing and documenting the perceptions, interactions
 348 and differential treatment among employees, thereby providing meaningful insights
 349 into how expatriate local relations affect sales performance.

350 The target population comprised 150 respondents drawn from expatriate employees,
 351 local employees, and management staff working in foreign owned forest industries,
 352 particularly those in sales and customer facing roles. From this population, a sample of
 353 114 respondents was selected, with 109 participating in the quantitative phase through
 354 simple random sampling and 5 in the qualitative phase through purposive sampling.
 355 Data collection involved semi structured questionnaires (open and close ended)
 356 administered by the researcher as well as face toface interviews with five key
 357 informants from management who possessed deep knowledge of expatriate local
 358 dynamics. Data were analyzed using descriptive statistics, correlation and regression
 359 techniques to establish relationships and patterns relevant to the research objectives.

360 To ensure validity and reliability, the research instruments were pre tested with a
 361 small group of employees to refine wording and eliminate ambiguities. Construct
 362 validity was addressed by aligning measures with key variables such as differential
 363 treatment, while the Kaiser Meyer Olkin (KMO) test was used to assess data
 364 adequacy. Reliability was confirmed using Cronbach's Alpha, with a score of 0.5 or
 365 higher deemed acceptable for consistency. Ethical considerations were strictly
 366 observed in line with Resnik (2021) and Bell & Bryman (2019). Participants were
 367 informed about the study's purpose, provided with the option to participate
 368 voluntarily, and assured of confidentiality and anonymity. Permission was sought
 369 from industry management, and participants retained the right to withdraw at any
 370 stage without consequence.

372 **4. DATA ANALYSIS, PRESENTATION OF RESULTS AND DISCUSSION**

373 **4.1 Response Rate**

374 The researcher distributed a total of 109 questionnaires to expatriate employees, local
 375 employees and management staff of Foreign-Owned Forest Industries in Mufindi

District. A total of 100 questionnaires were filled and returned to the researcher. This represented a response rate of 91.7%. According to Mugenda (2003), for generalization, a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent. Therefore, in this study the response rate was excellent.

Table 1: Response Rate

No. of questionnaires distributed	No. of questionnaires returned	Percentage
109	100	91.7%

Source: Researcher (2025)

4.2 Demographic characteristics of Respondents

This section provided an overview of the demographic profile of the respondents who participated in the study. Understanding the background of the participants is crucial as it offers context for interpreting the findings related to expatriate-local employee relations and their influence on sales performance. The demographic variables analyzed include gender, age, education level and work experience among others. Results have been summarized in Tables 2.

Table 2: Demographic characteristics of Respondents

Variable	Category	Frequency	Percent
Education level	Primary Education	16	16.0
	Secondary Education	46	46.0
	Diploma Education	18	18.0
	Bachelor degree	15	15.0
	Master degree	5	5.0
Age of Respondents	Below 30 years	18	18.0
	31- 40 years	57	57.0
	41-50 years	13	13.0
	Above 50 years	12	12.0
Gender	Males	64	64
	Females	36	36
	Total	100	100.0

Source: Researcher, (2025)

4.2.1 Age of Respondents

Basing on the age of respondents, findings show that, majority of the respondents (57%) had their age lying between 31 to 40 years es shown in Table 2. Others (18%) were found in the age of below 30 years. The other group their age was found to be between 41 to 50 years (13%) and others with the age above 50 years (12%). The findings imply that, most of the respondents in the study were mature enough to provide relevant information. These findings are consistent with studies conducted by scholars such as Mwakyembe (2020) and Nchimbi (2019), who found that most employees in both the public and private sectors in Tanzania fall within the age brackets of below 40 years. They observed that younger employees are more likely to

adapt to organizational changes, embrace technology, and engage more actively with modern strategies, such as digital tools in marketing and operations.

4.2.2 Gender of Respondents

Results in Table 2 showed that, there was a significant difference between males and females in the study area. Majority of the respondents were males (64%) while female respondents were (36%). This implies that, both gender were considered in the study, therefore gender bias was avoided. Almost equal chance was given to both males and females to contribute their ideas in this research. Therefore, the study considered male and female in order to capture ideals related with the relationship of employees on enhancing sales performance from each group based by gender.

4.2.3 Education level of Respondents

Basing on the education level of the respondents as shown in Table 2, results showed that, majority of the respondents had secondary school education (46%). Others had Diploma education (18%), primary education (16%) and bachelor degree (15%). Few had master degree (5%). Findings imply that, most of the respondents had sufficient education to provide relevant information for the study. Having respondents from people with formal education build confidence that the result was credible and justifiable for final decision making.

4.3 Validity and Reliability

4.3.1 Measure of Validity

The validity of the research instrument was assessed using the Kaiser Meyer Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. The KMO value obtained was 0.626, which, according to Kaiser's (1974) classification, falls within the "mediocre" range as shown in table 3. This indicates that the sample was adequate for factor analysis, although a higher KMO value would have been preferable.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.626
Bartlett's Test of Sphericity	Approx. Chi-Square	305.066
	df	66
	Sig.	.000

Source: Field data, (2025)

Despite this, the result suggests that the correlations among variables were sufficiently large to proceed with the analysis. Bartlett's Test of Sphericity yielded a Chi-square value of 305.066 with 66 degrees of freedom and a significance level of $p = 0.000$. The significance value being less than 0.05 implies that the correlation matrix is not an identity matrix, meaning that the variables share enough common variance to justify the use of factor analysis. These findings confirm that the research instrument possessed acceptable construct validity, making it suitable for measuring the concepts related to expatriate-local employee relations and their influence on sales performance.

4.3.2 Measure of Reliability

Table 4 show the reliability of the instrument was evaluated using Cronbach's Alpha coefficient. The results revealed a Cronbach's Alpha value of 0.816 for items used in the study. This value falls within the "good" range of internal consistency, indicating that the items were highly consistent in measuring the intended constructs. According to Gliem and Gliem (2023), an alpha value of 0.80 or above demonstrates that the instrument is reliable and the responses are likely to be stable and consistent over time. Therefore, the high Cronbach's Alpha value in this study suggested that the questionnaire items were dependable and measured the same underlying concepts effectively. This ensures that similar results would likely be obtained if the study were to be replicated under similar conditions.

Table 4: Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.816	21

Source: Field data, (2025)

4.4 Findings on Specific Objective

4.4.1 Relationship between Differential Treatment and Sales Performance

The analysis of correlations between differential treatment (DT) and sales performance (SP) shows that there is a moderate but significant positive relationship ($r = .250$, $p < .05$), meaning that disparities in how expatriates and local employees are treated influence overall sales outcomes. This suggests that while some aspects of differential treatment can stimulate performance, persistent inequalities may also create tensions that affect long term sustainability of sales growth. At the indicator level, the results provide further insights. First, unequal workplace fairness (DT1) shows only weak and non-significant correlations with all dimensions of sales performance (SP1 - SP4), indicating that employees' perceptions of fairness alone do not directly translate into measurable sales outcomes. However, its indirect effects on morale, trust and working relations cannot be ruled out. Second, variation in incentives (DT2) is significantly correlated with revenue growth (SP1; $r = .199$, $p < .05$), market share SP4 ($r = .231$, $p < .05$) and overall sales performance SP ($r = .227$, $p < .05$). This finding implies that disparities in incentives between expatriates and locals strongly influence motivation levels, which in turn affect the organization's ability to expand its market base and achieve growth. Third, variation in compensation (DT3) demonstrates a significant positive correlation with sales cycle length SP2 ($r = .437$, $p < .01$) and overall sales performance SP ($r = .220$, $p < .05$), suggesting that differences in pay structures can shape how efficiently sales processes are managed. Interestingly, DT3 shows non significant relationship with market share SP4($r = .053$), pointing to a potential risk that compensation gaps may undermine competitiveness in the long term if left unaddressed as shown in Table 5.

These findings suggest that differential treatment in the form of incentives and compensation is more influential on sales performance than perceptions of fairness alone. The study highlights the need for foreign-owned forest industries in Mufindi District to adopt balanced incentive and compensation systems that motivate both

expatriates and local employees equitably. While competitive incentives can boost revenue growth and market share, ensuring fairness and transparency in reward structures is equally important to maintain cohesion and collective performance. Management should therefore integrate equity-based reward policies, fair promotion structures and inclusive communication strategies to minimize the risks of demotivation among local employees. By doing so, firms will not only strengthen working relations and employee satisfaction but also achieve sustainable improvements in sales cycle efficiency, revenue growth, and long-term market competitiveness. But these results do not show the cause to effect relationship, hence, multiple regression used to find out the effect of each treatment.

Table 5: The Relationship between Differential Treatment and SP

	DT1	DT2	DT3	DT	SP1	SP2	SP3	SP4	SP
DT1	1								
DT2	.075	1							
DT3	.030	.091	1						
DT	.569**	.460**	.727**	1					
SP1	.005	.199*	.048	.039	1				
SP2	.043	.068	.437**	.262**	.080	1			
SP3	.049	.186	.169	.214*	.019	.033	1		
SP4	.052	.231*	.053	.073	.912**	.055	.001	1	
SP	.024	.227*	.220*	.250*	.790**	.376**	.394**	.791**	1

Key Term: DT: Different Treatments; DT1: Unequal Workplace Fairness; DT2: Variation in Incentives; DT3: Variation in compensation; SP1: Revenue Growth; SP2: Sales cycle length; SP3: Sales Volume; SP4; Market Share; SP: Sales Performance

Source: researcher, (2025)

4.4.2 The Effects of Each Treatment on Sales Performance

The regression analysis was conducted to determine the individual effects of the three dimensions of differential treatment unequal workplace fairness (DT1), variation in incentives (DT2), and variation in compensation (DT3) on overall sales performance (SP) in foreign owned forest industries in the Mufindi District. The model reveals important variations in how each treatment dimension contributes to sales outcomes.

The findings show that DT1 (unequal workplace fairness) does not significantly predict sales performance ($B = 0.061$, $\beta = 0.014$, $t = 0.146$, $p = 0.885$). This suggests that employees' perceptions of fairness, while important for morale and cohesion, do not directly translate into measurable improvements or declines in sales performance. By contrast, DT2 (variation in incentives) has a statistically significant and positive effect on sales performance ($B = 1.436$, $\beta = 0.208$, $t = 2.124$, $p = 0.036$). This result indicates that differences in incentive structures between expatriate and local employees substantially influence sales outcomes. It implies that when incentives are

attractive and performance-based, they can drive higher revenue growth, increased market share, and stronger overall sales results, even when there are disparities across groups. Similarly, DT3 (variation in compensation) also shows a significant positive relationship with sales performance ($B = 0.689$, $\beta = 0.201$, $t = 2.058$, $p = 0.042$) as shown in Table 6.

Table 6: The Effects of Each Treatment on Sales Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.138	1.792		2.309	.023
DT1	.061	.422	.014	.146	.885
DT2	1.436	.676	.208	2.124	.036
DT3	.689	.335	.201	2.058	.042

a. Dependent Variable: SP

Source: researcher, (2025)

This demonstrates that compensation differences, such as salary and allowances, play a crucial role in shaping employee effort and productivity, which in turn enhances sales performance. However, the effect size is smaller compared to incentives, indicating that while compensation matters, incentive structures are relatively more powerful in motivating performance improvements. A key informant at the study area said that:

There is a visible imbalance in the way expatriate and local employees are treated, particularly in the areas of benefits and recognition. According to this respondent, while both expatriates and locals often perform critical roles in the organization, expatriates are more likely to be placed in highly strategic or decisionmaking positions, even when equally competent locals are available (Manager 1 of selected Company1; 3, 25/8/2025).

In terms of benefits, the HR Manager pointed out that expatriates typically receive higher salaries, relocation packages, housing allowances, international insurance, and other privileges not extended to local staff. This, according to the respondent, is often justified by management on the basis of international hiring standards and the costs associated with relocating foreign professionals (Manager 2; 24/8/2025).

The results suggest that not all forms of differential treatment affect sales performance equally. While workplace fairness (DT1) appears disconnected from direct sales outcomes, both incentives and compensation (DT2 and DT3) significantly contribute to improved performance. This implies that employees are more responsive to tangible, financial rewards than to perceptions of fairness when it comes to delivering measurable sales results. The practical implication is that foreign owned forest industries in Mufindi District should carefully design equitable and motivating

incentive and compensation systems that drive performance while minimizing unnecessary disparities between expatriates and local employees. Since incentives (DT2) exert the strongest impact, management should emphasize performance-based incentive schemes that align individual and organizational goals. Compensation policies (DT3) should also be structured fairly to avoid resentment among local employees, which, although not immediately reflected in sales metrics, could harm long-term motivation and working relations. Furthermore, while fairness (DT1) may not directly predict sales, its indirect influence on morale, teamwork, and organizational climate should not be overlooked; neglecting fairness risks eroding trust and collaboration, which are vital for sustaining long term competitiveness.

A key informant in the study area said that, “differential treatment between expatriate and local employees has contributed much in decreasing sales performance in our organization. Therefore, there should be an equal treatment of employees in all important matters such as professional trainings and compensation” (Manager 3; 24/8/2025).

A key informant said that, “the management staff should make sure that, the local staff get regular and sufficient training that can make them competent to save various management positions which attract higher compensations like those currently run by expatriates only. This may increase job satisfaction and motivation to the local staff, leading to improved firm’s productivity and sales performance” (Manager 4, 25/8/2025).

These findings align with Armstrong and Taylor (2020), who emphasize that well-structured reward systems are fundamental in enhancing productivity and organizational performance. While earlier theories such as Vroom’s Expectancy Theory (1964) and Deci and Ryan’s (2017) Self Determination Theory underscore the motivational power of extrinsic rewards, recent studies have expanded this understanding by showing how compensation and incentives operate in contemporary workplaces. For instance, Aljumah (2023) found that performance-based incentives significantly boost external motivation and job performance, particularly in sales-driven contexts where employees work toward explicit targets. Similarly, Mbukwana and Ayandibu (2023), in a study of a South African university context, reported that financial incentives in the form of performance bonuses strongly motivated employees to achieve set performance benchmarks, reaffirming the importance of tangible rewards in shaping outcomes.

Building on this, Liu (2025) highlighted that aligning compensation structures particularly synchronizing executive and employee compensation has a direct and positive impact on overall company performance, suggesting that reward systems must be coherent across organizational levels to avoid perceptions of disparity. At the same time, research by Anthonysamy *et al.* (2025) demonstrated that while financial incentives are essential, they are not sufficient in isolation; non financial elements such as supervisory support and peer relations play a critical role in enhancing organizational prestige and retaining employees. Likewise, a recent study published by Emerald Insight (2025) on sales performance revealed that a balanced combination of intrinsic and extrinsic motivators such as financial incentives, recognition and

600 opportunities for challenge produces stronger work outcomes compared to relying on
601 financial rewards alone.

602 Taken together, these studies reinforce the results of this research, showing that
603 incentives and compensation remain central drivers of performance, but they also
604 highlight the importance of complementary non-financial motivators. The implication
605 is that employees' productivity cannot be sustained on pay differences alone;
606 recognition, communication, and supportive workplace relationships significantly
607 amplify the effectiveness of financial rewards. These findings are consistent with
608 existing literature of Tsui *et al.* (2017) who noted that differential treatment based on
609 nationality or employment status often leads to reduced morale, lack of trust and
610 disengagement among local employees. This can hinder teamwork and collaboration
611 key elements in sales performance. Similarly, Shen *et al.* (2015) found that when local
612 employees perceive favoritism toward expatriates, it contributes to a toxic
613 organizational climate, ultimately affecting productivity and service delivery. Kwok
614 Leung (2014) pointed out that in developing countries, there exists a notable disparity
615 in compensation between local workers and expatriates, which correlates with local
616 negative sentiments. A multilevel study conducted in China explored how low
617 compensation equality impacts the operations of multinational companies (MNCs).
618 The results indicated that the adverse consequences of low compensation equality on
619 various outcomes such as the evaluation of expatriates, knowledge sharing, job
620 satisfaction and the intention to leave were completely mediated by distributive justice
621 as perceived through comparisons with expatriates. A personal pro-disparity norm
622 regarding this compensation disparity acted as a mitigating factor and was linked to a
623 reduced relationship between compensation parity and comparative distributive
624 justice.

625 Similarly, Kamau and Ochieng (2023) indicated that, firms with transparent and fair
626 treatment between expatriates and local employees experienced higher job satisfaction
627 and better overall sales performance. Therefore, foreign firms should establish policies
628 which promote fairness in career advancement opportunities. Results also show that,
629 if the relationship between expatriate and local employees is not good, then
630 organization performance may be affected negatively. Similarly, Leung *et al.* (2015)
631 urged that, differential treatment between expatriate and local employees may be
632 perceived as unfairness. Local employees may feel undervalued and perceive
633 compensation disparity as unfair, leading to decreased job satisfaction and
634 organizational commitment. Differential treatment decreases collaboration between
635 expatriate and local employees (Bjorkman *et al.*, 2004). According to Bjorkman,
636 differential treatment can create tension and communication barriers between
637 expatriate and local staff, hindering team work and collaboration essentials for sales
638 successes. Chen (2019) urged that, one of the reasons is unfamiliarity with a foreign
639 place and lack of cultural adjustment training. According to Matthew MacLachlan
640 (2018), the international failure rate is over 40% due to hiring the wrong employee.
641 He added that other reasons the expatriates cannot adapt to their new location, culture,
642 and language barriers. As a result, the organization loses a lot of money (Black &
643 Gregersen, 2020). Hence, Furusawa (2016) suggested that MNE should manage their
644 expatriates' careers to ensure the smooth adjustment in the new country. Rodsai *et al*
645 (2017) proposed the cultural intelligence and language ability should include in the
646 selection of expatriates.

The expatriate fluent in the host language and culture leads to better performance (Ramlan *et al.*, 2018) and a better relationship with host country employees (Zhang & Harzing, 2016). Earley and Gibson (2002) also emphasized that, when expatriate and local employees work well together, it promotes team unity, collaboration, and a more productive work environment which can improve sales. Local employees provide valuable insights to the markets, customers, and regulatory environment which can be critical for the company's success (Fang *et al.*, 2010). By working together, both expatriates and local employees can develop new skills, perspectives, and leadership capabilities (McNulty *et al.*, 2016). Positive relationship can lead to higher job satisfaction, reducing turnover rates among both expatriate and local staff (Takeuchi *et al.*, 2005). Luring and Selmer (2011) urged that, effective collaboration between expatriate and local employees ensures that information is shared clearly, reducing misunderstandings and errors. Therefore, Companies that foster inclusive, respectful relationships between expatriate and local employees are likely to have a better reputation, attracting top talent and improving stakeholder relationships (Dowling *et al.*, 2019).

5. CONCLUSION AND RECOMMENDATION

5.1 Effect of Differential Treatment between on Sales Performance

The findings indicate unequal workplace fairness (DT1) does not significantly predict sales outcomes ($B = 0.061$, $\beta = 0.014$, $t = 0.146$, $p = 0.885$), suggesting that while employees' perceptions of fairness are important for morale and cohesion, they do not directly translate into measurable improvements or declines in sales performance. In contrast, variation in incentives (DT2) exhibits a statistically significant positive effect on sales performance ($B = 1.436$, $\beta = 0.208$, $t = 2.124$, $p = 0.036$), indicating that differences in incentive structures between expatriate and local employees substantially drive performance. Attractive, performance-based incentives can motivate higher revenue growth, increase market share, and strengthen overall sales results, even when disparities exist across employee groups. Similarly, variation in compensation (DT3) shows a significant positive relationship with sales performance ($B = 0.689$, $\beta = 0.201$, $t = 2.058$, $p = 0.042$), demonstrating that differences in pay, including salary and allowances, critically influence employee effort and productivity, thereby enhancing overall sales performance. Thus differential treatment factors show that perceptions of fairness (DT1) alone do not significantly affect performance, whereas variations in incentives (DT2) and compensation (DT3) positively and significantly influence sales outcomes by motivating employees and enhancing productivity.

5.2 Recommendations

Furthermore, implementing performance-based incentive programs (DT2) and reviewing and aligning compensation structures (DT3) are recommended, as both have demonstrated significant positive effects on sales performance. Equitable and transparent incentive schemes, competitive salaries and allowances can motivate employees and enhance productivity. Lastly, monitoring workplace fairness perceptions (DT1) is advised, even though it did not significantly predict sales outcomes, as fairness affects morale and cohesion. Policies promoting equitable task allocation, recognition, and career advancement can maintain a motivated and

engaged workforce. It is also commended to investigate the internal and external factors contributing to variability in sales performance over time, such as organizational structure, employee skills, market competition and economic conditions. Since this study did not used moderation it is commended to examine the mediating or moderating role of factors like employee motivation, trust and teamwork in shaping how working relations influence sales performance.

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