



PART FOUR

ORGANIZATIONAL
BEHAVIOR AND
HUMAN RESOURCE
MANAGEMENT



Chapter 12

MOTIVATION ACROSS CULTURES

OBJECTIVES OF THE CHAPTER

Motivation is closely related to the performance of human resources in modern organizations. Although the motivation process may be similar across cultures, there are clear differences in motivation that are culturally based. What motivates employees in the United States may be only moderately effective in Japan, France, or Nigeria. Therefore, although motivation in the workplace is related to stimulating and encouraging employee performance in many situations and environments, an international context requires country-by-country, or at least regional, examination of differences in motivation and its sources.

This chapter examines motivation as a psychological process and explores how motivation can be used to understand and improve employee performance. It also identifies and describes internationally researched work-motivation theories and discusses their relevance for international human resource management. The specific objectives of this chapter are:

- 1. DEFINE** *motivation*, and explain it as a psychological process.
- 2. EXAMINE** the hierarchy-of-needs, two-factor, and achievement motivation theories, and assess their value to international human resource management.
- 3. DISCUSS** how an understanding of employee satisfaction can be useful in human resource management throughout the world.
- 4. EXAMINE** the value of process theories in motivating employees worldwide.
- 5. UNDERSTAND** the importance of job design, work centrality, and rewards in motivating employees in an international context.

The World of *International Management*

Motivating Employees in a Multicultural Context: Insights from the Emerging Markets

According to Patricia Odell of PROMO magazine, “As U.S. companies continue to expand globally, currently employing more than 60 million overseas workers, motivating and rewarding these diverse workforces is a significant challenge to organizations.” Bob Nelson, Ph.D., author of *1001 Ways to Reward Employees*, told PROMO magazine, “One size doesn’t fit all when it comes to employee motivation—rewards that motivate best are those that are most valued by the person you are trying to thank.”

According to *BusinessWeek*, numerous well-known firms have enlisted the help of Globoforce, an Irish company, to design their corporate recognition programs. Globoforce’s program lets employees choose a reward they want, such as tickets to a concert or a \$50 gift card to their favorite store. In this way, Globoforce tailors rewards to specific employee preferences.

These employee preferences are often correlated with culture. To illustrate this, Bob Nelson provides an example of a certain Indonesian company. If this company has a good year, employees receive extra pay at year end. The amount of pay an employee receives is “not a function of individual performance, but rather of one’s loyalty to the organization as measured by the number of years one had worked with the company, plus the size of one’s family.” The company demonstrates an Indonesian cultural value: the employee is loyal to the employer and the employer takes care of the employee’s family.

Furthermore, managers must be aware that a reward in one culture may be viewed differently in another culture. Bob Nelson shares a story of how a pharmaceutical company decided to give customized watches bearing the company logo to all 44,000 employees around the world. When Nelson told this story to Taiwanese employees of a

different company, they remarked that such a gift would never work in their culture. Timepieces are associated with death in Taiwan and China.

So, as a manager, how does one motivate employees? There are general management principles that can be applied to most cultural settings. But also, there are specific considerations for each individual culture. Next, we mention some general concepts that have proved useful and then discuss motivating Chinese employees in particular.

Motivating Employees: General Principles

In its guide on how to motivate employees, *The Wall Street Journal* outlines several findings on the subject:

- The goal of management . . . [is] not simply to direct and control employees seeking to shun work, but rather to create conditions that make people want to offer maximum effort.
- Having employees harness self-direction and self-control in pursuit of common objectives . . . was far preferable to imposing a system of controls designed to force people to meet objectives they didn't understand or share.
- Rewarding people for achievement was a far more effective way to reinforce shared commitment than punishing them for failure.
- Giving people responsibility caused them to rise to the challenge.
- Unleashing their imagination, ingenuity, and creativity resulted in their contributions to the organization being multiplied many times over.

In addition, Bob Nelson notes that today employees "expect work to be an integrated part of their lives—not their entire lives." Thus, managers can likely increase employee motivation by offering more flexible working hours. With technology, it has become much easier for employees to work from home. Nelson also emphasizes that discussing career options in the organization and providing learning and development opportunities often motivates employees.

Frequently, managers focus on extrinsic rewards, such as pay, to motivate employees, while ignoring intrinsic rewards. Kenneth Thomas told *BusinessWeek*, "Research shows that managers underestimate the importance of intrinsic rewards." *BusinessWeek* describes intrinsic

rewards as "the psychological lift that employees get from doing work that matters to them."

In a collectivistic culture, such as China, an intrinsic reward may be the satisfaction of helping the group complete a project.

Motivating Employees in China

Watson Wyatt conducted a WorkChina™ employee opinion survey of 10,000 employees from 67 companies in China. The WorkChina™ survey found that compensation had a limited role in motivating Chinese employees. Jim Leininger of Watson Wyatt Beijing wrote:

Increasing employee satisfaction by raising salaries may result in short-term retention, but employees who stay in your organization because of high salaries may also leave for higher salaries. Thus, compensation is sometimes called a "hygiene issue." It is something that is not noticed until it is missing. A non-competitive compensation system is easily "noticed" by employees and can lead to turnover. However, having high salary levels does not necessarily lead to highly committed employees or lower turnover. Other things become the distinguishing factors once average compensation levels are satisfied.

The following factors were found to be strong drivers of employee commitment:

- *Management effectiveness.* Employees are motivated when their managers have sound decision-making ability, successfully engage their employees, and value their employees.
- *Positive work environment.* To be productive, employees need a healthy, safe workplace with access to information needed to do their jobs.
- *Objective performance management system.* Watson Wyatt's 2003 compensation survey demonstrated that, for the typical employee, at least one month's salary will be tied to a performance measure—either for the employee personally or for the company itself. Managers must ensure that the performance management system is objective, fair, and clearly communicated to employees.
- *Clear communication.* Managers can increase commitment by making sure employees understand their company's goals, their own job, and the link between their job and the customer.

In contrast, Fisher and Yuan's case study of Chinese employees of a major hotel in Shanghai found that good wages and good working conditions were the most important motivating factors. They discovered that employees' intrinsic needs for interesting work, personal growth, and involvement tended to be lower, especially among older Chinese workers, as compared with employees in Western cultures. According to Fisher and Yuan, managers of MNCs with ventures in China should take note that Chinese employees appreciate wage raises, increased housing subsidies, and employee share ownership. Chinese employees are also grateful when a manager is loyal to them. This loyalty can be demonstrated through renewing employment contracts and showing concern for employees' families.

Motivating Employees in the Global Workplace

In her article "Motivating Employees from Other Cultures," Sondra Thiederman offers tips to adapt one's management style to fit a multicultural context. First, she

underscores the importance of interpreting situations accurately. For instance, many managers "misinterpret the speaking of a foreign language in the workplace as a sign of laziness, rudeness, and disrespect." In reality, "using another language is an effort to communicate a job-related message accurately, a sign of extreme stress or fatigue, or an effort to speed up the communication process."

Second, Thiederman notes that managers need to explain their expectations to employees in such a way that they can be understood by someone not raised in American culture. For example, many cultures view complaining to superiors as a sign of disloyalty. For an American manager, however, complaints provide an opportunity to identify problems. Managers need to explain to their workforce that good employees can bring up problems to managers. Third, managers can motivate employees by offering positive reinforcement. Kind words can go a long way in affirming the value of people of any culture.

Clearly, motivation is a matter of critical importance to international managers in organizations around the world that is much discussed and debated, as are the similarities and differences among cultures as touching on what are perceived to be effective incentives and rewards. While there are some common elements in effective motivation across cultures, the role of pay (versus other forms of incentives) varies somewhat. Moreover, the form and structure of financial rewards are distinct in different cultures. For instance, the Indonesian example in the World of International Management above demonstrates how a U.S. approach to end-of-year bonuses, which would typically be based on individual merit and accomplishments, might be poorly received in Indonesia, where the collectivist culture would encourage a bonus based on tenure and family size.

The role of intrinsic rewards—the psychological rewards that employees get from doing work that matters to them—is important around the world; however, what is meaningful and rewarding may vary from culture to culture. As MNCs shift from simply finding inexpensive employment bases to discovering new ways to enhance employee satisfaction, important questions begin to surface. Why does a relationship with an employee's family make a difference? What truly motivates workers in different cultures? What do they consider important with regard to their perception of satisfaction? Employees typically seek more than just fair compensation. They want to believe that they are making a difference in some way. Effectively motivating across cultures can create competitive advantages that are difficult for competitors to match. In this chapter we provide some of the background discussion about motivation, explore research in the area of motivation, and discuss the implications of our knowledge about motivating employees across cultures.

motivation

A psychological process through which unsatisfied wants or needs lead to drives that are aimed at goals or incentives.

intrinsic

A determinant of motivation by which an individual experiences fulfillment through carrying out an activity itself and helping others.

extrinsic

A determinant of motivation by which the external environment and result of the activity in the form of competition and compensation or incentive plans are of great importance.

■ The Nature of Motivation

Motivation is a psychological process through which unsatisfied wants or needs lead to drives that are aimed at goals or incentives. A person with an unsatisfied need will undertake goal-directed behavior to satisfy the need. Figure 12–1 shows the motivation process. The three basic elements in this process are needs, drives, and goal attainment. The determinants of motivation could be **intrinsic**, by which an individual experiences fulfillment through carrying out an activity itself and helping others, or **extrinsic**, in the sense that

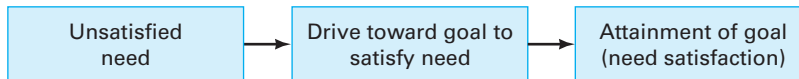


Figure 12-1
The Basic Motivation Process

the external environment and result of the activity in the form of competition and compensation or incentive plans are of greater importance.¹ Motivation is an important topic in international human resource management, especially so because many MNC managers tend to assume they can motivate their overseas personnel with the same approaches that are used in the home country. Whether this true, or to what extent major differences in culture require tailor-made, country-by-country motivation programs, is the source of debate. As described in earlier chapters (especially Chapter 4), there obviously are some motivational differences caused by culture. The major question is: Are these differences highly significant, or can an overall theory of work motivation apply throughout the world? Considerable research on motivating human resources has been conducted in a large number of countries. Before reviewing these findings, let's take a look at two generally agreed-on starting assumptions about work motivation in the international arena.

The Universalist Assumption

The first assumption is that the motivation process is universal, that all people are motivated to pursue goals they value—what the work-motivation theorists call goals with “high valence” or “preference.” The process is universal; however, culture influences the specific content and goals that are pursued. For example, one analysis suggests that the key incentive for many U.S. workers is money; for Japanese employees, it is respect and power; and for Latin American workers, it is an array of factors including family considerations, respect, job status, and a good personal life. Similarly, the primary interest of the U.S. worker is him- or herself; for the Japanese, it is group interest; and for the Latin American employee, it is the interest of the employer.² Simply put, motivation is universal but its specific nature differs across cultures, so no one motivation theory can be universally applied across cultures.

In the United States, personal success and professional achievement are important motivators, and promotions and increased earnings are important goals. In China, group affiliation is an important need, and social harmony is an important goal. Obviously, Americans may value teamwork too, and Chinese workers wish to be well paid. However, clearly, some of the ways to motivate U.S. employees and Chinese workers will differ. The motivational process may be the same, but the specific needs and goals can be different between the two cultures. This conclusion was supported in a study by Welsh, Luthans, and Sommer that examined the value of extrinsic rewards, behavioral management, and participative techniques among Russian factory workers. The first two of these motivational approaches worked well to increase worker performance, but the third did not. The researchers noted that this study provides at least beginning evidence that U.S.-based behavioral theories and techniques may be helpful in meeting the performance challenges facing human resources management in rapidly changing and different cultural environments. They found that two behavioral techniques—administering desirable extrinsic rewards to employees contingent upon improved performance, and providing social reinforcement and feedback for functional behaviors and corrective feedback for dysfunctional behaviors—significantly improved Russian factory workers' performance. By the same token, the study also points out the danger of making universalist assumptions about U.S.-based theories and techniques. In particular, the failure of the participative intervention does not indicate so much that this approach just won't work across cultures, as that historical and cultural values and norms need to be recognized and overcome for such a relatively sophisticated theory and technique to work effectively.³

At the same time, it is important to remember that as a growing number of countries begin moving toward free-market economies and as new opportunities for economic rewards emerge, the ways in which individuals in these nations are motivated will change.

Commenting on the management of Chinese personnel, for example, Sergeant and Frenkel have pointed out that new labor laws now allow both state enterprises and foreign-invested Chinese enterprises to set their own wage and salary levels. However, companies have to be careful about believing that they can simply go into the marketplace, pay high wages, and recruit highly motivated personnel. In particular, the researchers note that:

Devising reward packages for Chinese employees has been difficult because of the range and complexity of nonwage benefits expected by workers as a legacy of the “iron rice bowl” tradition. However, health and accident insurance, pensions, unemployment and other benefits are increasingly being taken over by the state. There are two cultural impediments to introducing greater differentials in pay among workers of similar status: importance accorded to interpersonal harmony which would be disrupted by variations in earnings; and distrust of performance appraisals because in state enterprises evaluations are based on ideological principles and *guanxi* [connections].⁴

So some of what foreign MNCs would suspect about how to motivate Chinese employees is accurate, but not all. The same is true, for example, about Japanese employees. Many people believe that all Japanese firms guarantee lifetime employment and that this practice is motivational and results in a strong bond between employer and employee. In truth, much of this is a myth. Actually, less than 28 percent (and decreasing) of the workforce has any such guarantee, and in recent years a growing number of Japanese employees have been finding that their firms may do the best they can to ensure jobs for them but will not guarantee jobs if the company begins to face critical times. As in the West, when a Japanese firm has a crisis, people are often let go. This was clearly seen in recent years when the Japanese economy was stalled and the country’s jobless rate hit new highs.⁵

In a test of the universalist assumption in developing countries, researchers measured the frequency that managers were involved with certain skill activities, such as negotiation, job planning, motivation, and decision making. Drawing from a sample that included managers from Hungary and Senegal, they found that the relative frequency with which managers from one stratum of one nation are involved in various skill activities reflects the relative frequency with which managers from other strata within the same nation and from nations of different cultural-industrialized standing are also involved in the same activities, providing in this case at least some general support for the universalist hypothesis.⁶

The Assumption of Content and Process

The second starting assumption is that work-motivation theories can be broken down into two general categories: *content* and *process*. **Content theories** explain work motivation in terms of *what* arouses, energizes, or initiates employee behavior. **Process theories** of work motivation explain *how* employee behavior is initiated, redirected, and halted.⁷ Most research in international human resource management has been content-oriented, because these theories examine motivation in more general terms and are more useful in creating a composite picture of employee motivation in a particular country or region. Process theories are more sophisticated and tend to focus on individual behavior in specific settings. Thus, they have less value to the study of employee motivation in international settings, although there has been some research in this area as well. By far the majority of research studies in the international arena have been content-driven, but this chapter examines research findings exploring both the content and the process theories.

The next sections examine work motivation in an international setting by focusing on the three content theories that have received the greatest amount of attention: the hierarchy-of-needs theory, the two-factor motivation theory, and the achievement motivation theory. Then we focus on three process theories: equity theory, goal-setting theory, and expectancy theory. Each theory offers important insights regarding the motivation process for personnel in international settings.

content theories of motivation

Theories that explain work motivation in terms of what arouses, energizes, or initiates employee behavior.

process theories of motivation

Theories that explain work motivation by how employee behavior is initiated, redirected, and halted.

■ The Hierarchy-of-Needs Theory

The hierarchy-of-needs theory is based primarily on work by Abraham Maslow, a well-known humanistic psychologist.⁸ Maslow's hierarchy of needs has received a great deal of attention in the U.S. management and organizational behavior field and from international management researchers, who have attempted to show its value in understanding employee motivation throughout the world.⁹

The Maslow Theory

Maslow postulated that everyone has five basic needs which constitute a need *hierarchy*. In ascending order, beginning with the most basic need and going up to the highest, they are physiological, safety, social, esteem, and self-actualization needs. Figure 12–2 illustrates this hierarchy.

Physiological needs are basic physical needs for water, food, clothing, and shelter. Maslow contended that an individual's drive to satisfy these physiological needs is greater than the drive to satisfy any other type of need. In the context of work motivation, these physiological needs often are satisfied through the wages and salaries paid by the organization.

Safety needs are desires for security, stability, and absence of pain. Organizations typically help personnel to satisfy these needs through safety programs and equipment, and by providing security through medical insurance, unemployment and retirement plans, and similar benefits.

Social needs are needs to interact and affiliate with others and the need to feel wanted by others. This desire for "belongingness" often is satisfied on the job through social interaction within work groups in which people give and receive friendship. Social needs can be satisfied not only in formally assigned work groups but also in informal groups.

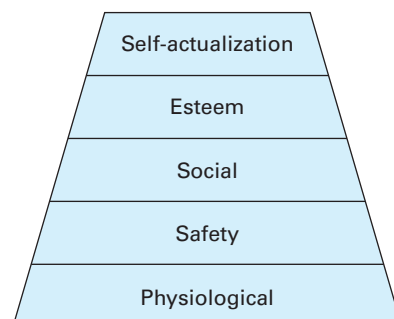
Esteem needs are needs for power and status. Individuals need to feel important and receive recognition from others. Promotions, awards, and feedback from the boss lead to feelings of self-confidence, prestige, and self-importance.

Self-actualization needs reflect a desire to reach one's full potential, to become everything that one is capable of becoming as a human being. In an organization, an individual may achieve self-actualization not so much through promotion but instead by mastering his or her environment and setting and achieving personal goals.¹⁰

Maslow's theory rests on a number of basic assumptions. One is that lower-level needs must be satisfied before higher-level needs can be achieved. A second is that a need that is satisfied no longer serves as a motivator. A third is that there are more ways to satisfy higher-level needs than there are ways to satisfy lower-level needs. Some of these assumptions came from Maslow's original work, some came from others' work, and some were later modifications by Maslow himself. These assumptions have driven much of the international research on the theory.

International Findings on Maslow's Theory

Do people throughout the world have needs that are similar to those described in Maslow's need hierarchy? Research generally shows that they do. For example, in a classic study



physiological needs

Basic physical needs for water, food, clothing, and shelter.

safety needs

Desires for security, stability, and the absence of pain.

social needs

Desires to interact and affiliate with others and to feel wanted by others.

esteem needs

Needs for power and status.

self-actualization needs

Desires to reach one's full potential, to become everything one is capable of becoming as a human being.

Figure 12–2

Maslow's Need Hierarchy

undertaken by Haire, Ghiselli, and Porter, a sample of 3,641 managers from 14 countries was surveyed. Although this study is quite dated it remains the most comprehensive and relevant one for showing different cultural impacts on employee motivation. Countries in this survey included the United States, Argentina, Belgium, Chile, Denmark, England, France, Germany, India, Italy, Japan, Norway, Spain, and Sweden.¹¹ With some minor modification, the researchers examined the need of satisfaction and need of importance of the four highest-level needs in the Maslow hierarchy. Esteem needs were divided into two groups: esteem and autonomy. The former included needs for self-esteem and prestige; the latter, desires for authority and for opportunities for independent thought and action.

The results of the Haire group's study showed that all these needs were important to the respondents across cultures. It should be remembered, however, that the subjects in this huge international study were managers, not rank-and-file employees. Upper-level needs were of particular importance to these managers. The findings for select country clusters (Latin Europe, United States/United Kingdom, and Nordic Europe) show that autonomy and self-actualization were the *most important* needs for the respondents. Interestingly, these same managers reported that those were the needs with which they were *least satisfied*, which led Haire and his associates to conclude:

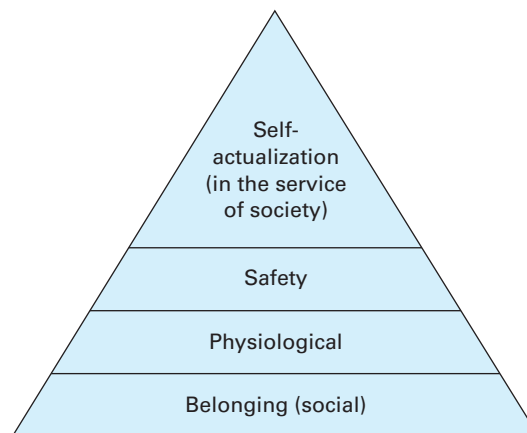
It appears obvious, from an organizational point of view, that business firms, no matter what country, will have to be concerned with the satisfaction of these needs for their managers and executives. Both types of needs were regarded as relatively quite important by managers, but, at the present time at least, the degree to which they were fulfilled did not live up to their expectations.¹²

Each country or geographic region appears to have its own need-satisfaction profile. When using this information to motivate managers, MNCs would be wise to consider the individual country's or region's profile and adjust their approach accordingly.

Some researchers have suggested that Maslow's hierarchy is too Western, and a more collectivist, Eastern perspective is necessary. Nevis believes that the Maslow hierarchy reflects a culture that is Western-oriented and focused on the inner needs of individuals.¹³ Obviously, not all cultures function in this way: Asian cultures emphasize the needs of society. Nevis suggested that a Chinese hierarchy of needs would have four levels, which from lowest to highest would be (1) belonging (social), (2) physiological, (3) safety, and (4) self-actualization in the service of society, as seen in Figure 12–3. If this is true, MNCs attempting to do business in China must consider this revised hierarchy and determine how they can modify their compensation and job-design programs to accommodate the requisite motivational needs. In any event, Nevis's idea is worth considering, because it forces the multinational firm to address work motivation based on those cultural factors that are unique to its surroundings as opposed to a universal approach.

Figure 12–3

Collectivist Need Hierarchy



Source: Patrick A. Gambrel and Rebecca Cianci, "Maslow's Hierarchy of Needs: Does It Apply in a Collectivist Culture?" *Journal of Applied Management and Entrepreneurship* 8, no. 2 (April 2003), p. 157. Reprinted with permission.

Table 12–1
Top-Ranking Goals for Professional Technical Personnel from a
Large Variety of Countries

Rank	Goal	Questionnaire Wording
1	Training	Have training opportunities (to improve your present skills or learn new skills)
2	Challenge	Have challenging work to do—work from which you can get a personal sense of accomplishment
3	Autonomy	Have considerable freedom to adopt your own approach to the job
4	Up-to-dateness	Keep up-to-date with the technical developments relating to your job
5	Use of skills	Fully use your skills and abilities on the job
6	Advancement	Have an opportunity for advancement to higher-level job
7	Recognition	Get the recognition you deserve when you do a good job
8	Earnings	Have an opportunity for high earnings
9	Cooperation	Work with people who cooperate well with one another
10	Manager	Have a good working relationship with your manager
11	Personal time	Have a job which leaves you sufficient time for your personal or family life
12	Friendly department	Work in a congenial and friendly atmosphere
13	Company contribution	Have a job which allows you to make a real contribution to the success of your company
14	Efficient department	Work in a department which is run efficiently
15	Security	Have the security that you will be able to work for your company as long as you want to
16	Desirable area	Live in an area desirable to you and your family
17	Benefits	Have good fringe benefits
18	Physical conditions	Have good physical working conditions (good ventilation and lighting, adequate work space, etc.)
19	Successful company	Work in a company which is regarded in your country as successful

Source: From Geert H. Hofstede, “The Colors of Collars,” *Columbia Journal of World Business*, September 1972, p. 74. Copyright © 1972 Elsevier. Reprinted with permission.

The discussion so far indicates that even though the need-hierarchy concept is culturally specific, it offers a useful way to study and apply work motivation internationally. However, the well-known Dutch researcher Geert Hofstede and others have suggested that need-satisfaction profiles are *not* a very useful way of addressing motivation, because there often are so many different subcultures within any given country that it may be difficult or impossible to determine which culture variables are at work in any particular work setting. The Haire and follow-up studies dealt only with managers. Hofstede found that job categories are a more effective way of examining motivation. He reported a linkage between job types and levels and the need hierarchy. Based on survey results from over 60,000 people in more than 50 countries who were asked to rank a series of 19 work goals (see Tables 12–1 and 12–2), he found that:

- The top four goals ranked by professionals corresponded to “high” Maslow needs.
- The top four goals ranked by clerks corresponded to “middle” Maslow needs.
- The top four goals ranked by unskilled workers corresponded to “low” Maslow needs.
- Managers and technicians showed a mixed picture—having at least one goal in the “high” Maslow category.¹⁴

Table 12-2
The Four Most Important Goals Ranked by Occupational Group and Related to the Need Hierarchy

Goals Ranked in "Need Hierarchy"	Professionals (Research Laboratories)	Professionals (Branch Offices)	Managers	Technicians (Branch Offices)	Technicians (Manufacturing Plants)	Clerical Workers (Branch Offices)	Unskilled Workers (Manufacturing Plants)
High—Self-Actualization and Esteem Needs							
Challenge	1	2	1	3	3		
Training		1		1			
Autonomy	3	3	2				
Up-to-dateness	2	4		4			
Use of skills	4						
Middle—Social Needs							
Cooperation			3/4			1	
Manager			3/4		4	2	
Friendly department						3	
Efficient department						4	
Low—Security and Physiological Needs							
Security				2	1		2
Earnings					2		3
Benefits							4
Physical conditions							1

Source: From Geert H. Hofstede, "The Colors of Collars," *Columbia Journal of World Business*, September 1972, p. 78. Copyright © 1972 Elsevier. Reprinted with permission.

The tables from Hofstede’s research show that self-actualization and esteem needs rank highest for professionals and managers, and that security, earnings, benefits, and physical working conditions are most important to low-level, unskilled workers. These findings illustrate that job categories and levels may have a dramatic effect on motivation and may well offset cultural considerations. As Hofstede noted, “There are greater differences between job categories than there are between countries when it comes to employee motivation.”¹⁵

In deciding how to motivate human resources in different countries or help them to attain need satisfaction, researchers such as Hofstede recommend that MNCs focus most heavily on giving physical rewards to lower-level personnel and on creating for middle- and upper-level personnel a climate in which there is challenge, autonomy, the ability to use one’s skills, and cooperation. Some companies are finding innovative ways to create motivation throughout the organization, from lower-level employees to middle management, by altering HR strategies. The nearby International Management in Action, “McDonald’s New Latin Flavor,” provides an example of how focusing on employees’ needs can both increase sales for the company and keep personnel on board.

Overall, there seems to be little doubt that need-hierarchy theory is useful in helping to identify motivational factors for international human resource management. This theory alone is not sufficient, however. Other content theories, such as the two-factor theory, add further understanding and effective practical application for motivating personnel.

■ The Two-Factor Theory of Motivation

The two-factor theory was formulated by well-known work-motivation theorist Frederick Herzberg and his colleagues. Like Maslow’s theory, Herzberg’s has been a focus of attention in international human resource management research over the years. This two-factor theory is closely linked to the need hierarchy.

The Herzberg Theory

The **two-factor theory of motivation** holds that two sets of factors influence job satisfaction: *hygiene factors* and *motivators*. The data from which the theory was developed were collected through a critical incident methodology that asked the respondents to answer two basic types of questions: (1) When did you feel particularly good about your job? (2) When did you feel exceptionally bad about your job? Responses to the first question generally related to job content and included factors such as achievement, recognition, responsibility, advancement, and the work itself. Herzberg called these job-content factors **motivators**. Responses to the second question related to job context and included factors such as salary, interpersonal relations, technical supervision, working conditions, and company policies and administration. Herzberg called these job-context variables **hygiene factors**. Table 12–3 lists both groups of factors. A close look at the two lists shows that the motivators are heavily psychological and relate to Maslow’s upper-level needs and the hygiene factors are environmental in nature and relate more to Maslow’s lower-level needs. Table 12–4 illustrates this linkage.

two-factor theory of motivation
A theory that identifies two sets of factors that influence job satisfaction: hygiene factors and motivators.

motivators
In the two-factor motivation theory, job-content factors such as achievement, recognition, responsibility, advancement, and the work itself.

hygiene factors
In the two-factor motivation theory, job-context variables such as salary, interpersonal relations, technical supervision, working conditions, and company policies and administration.

Table 12–3 Herzberg’s Two-Factor Theory	
Hygiene Factors	Motivators
Salary	Achievement
Technical supervision	Recognition
Company policies and administration	Responsibility
Interpersonal relations	Advancement
Working conditions	The work itself

McDonald's was once the leader of "fast and friendly" service, according to customer opinions of Latin American restaurants. Over time, the company saw its margins quickly shrinking, and in some areas of Latin America, competitors were edging ahead. With managerial turnover at 40 percent, and an astounding 90 to 100 percent turnover rate among employees between 16 and 18 years old, it was clear that motivation and morale were too low for a sustainable work environment. Clearly, something had to change.

In the past, organizational operations were carried out on a country-by-country basis, where initiatives were created to mirror the specific region in a way McDonald's calls "freedom within a framework." The stagnant sales and dissatisfied employees indicated that while the company could survive, altering initiatives could lead to further success. The human resources department recognized its crucial role in changing the atmosphere, and soon plans emerged. First, it modified the HR board to include one member from each country. This provided efficient communication, collaboration, and coordination among the Latin American countries. A three-year plan was then set in place, accentuating a continuous-improvement mentality which would keep processes and employee satisfaction in check. However, no plan is effective unless it is put into action.

McDonald's began a point reward system in which each store was allotted a base number of points, depending on sales for that store. A competitive structure was then furthered by allowing lower-level employees to increase points by filling out operational surveys, a tactic used to promote product knowledge and enhance employee skills. These points could then be cashed in for prizes such as backpacks and even an iPod. Furthermore, global recognition programs were instilled that rewarded top-performing employees. For example, McDonald's sent the top 300 performers from around the world to the Turin Winter Olympics, where crew members attended various McDonald's sponsored events and, of course, Olympic games. Managers were also given the opportunity to profit from their actions, and the company stressed creativity throughout the process.

Periodic meetings among regional managers allowed each to share "best practices" that have helped each store, and company strategies were often brought to the table to better inform those in charge. A Latin American Ray Kroc Award program was created to bring the top 1 percent of managers in the region to McDonald's headquarters, where participants had a chance to meet with top executives and engage in forums. The company further encouraged success through offering managers the opportunity to take business classes at surrounding universities and work toward a degree. Furthermore, managers engaged in training courses which shifted focus from administrative work to customers and employees under the assumption that given a more hands-on approach, personnel can better understand and achieve organizational and personal satisfaction goals.

McDonald's seems to have made all the right moves. Employees at every level are more motivated, and it shows in the numbers. After implementing the new HR strategy, sales in Latin America initially increased by 13 percent and continued to grow by 11.6 percent the next year. More crew members and managers remained at the stores as well, with turnover reducing to 70 percent and 25 percent, respectively. Furthermore, employee surveys indicated that there was an increase of overall commitment to the company by 9 percent, far surpassing the goal of 3–4 percent projected by the company.

Latin America sent a strong message to McDonald's without having to say a word. Personnel originally did not feel challenged and therefore sought other lucrative endeavors. McDonald's global strategy clearly was not universal, and in order to successfully integrate, local responses were imperative (see Chapter 8). The company's ability to balance its global HR standardization with regional cultures proved to be beneficial to all. Motivating personnel to achieve goals through rewards programs keeps morale high, and could save McDonald's a great deal of money as retention rates rise and the need for new worker training declines. Employees have had a taste of the revised HR programs, and it shows they like the new Latin flavor.

The two-factor theory holds that motivators and hygiene factors relate to employee satisfaction. This relationship is more complex than the traditional view that employees are either satisfied or dissatisfied. According to the two-factor theory, if hygiene factors are not taken care of or are deficient, there will be dissatisfaction (see Figure 12–4). Importantly, however, if hygiene factors are taken care of, there may be no dissatisfaction, but there also may be no satisfaction. Only when motivators are present will there be satisfaction. In short, hygiene factors help prevent dissatisfaction (thus the term *hygiene*, as it is used in the health field), but only motivators lead to satisfaction. Therefore, according to this theory, efforts to motivate human resources must provide recognition, a chance to achieve and grow, advancement, and interesting work.

Table 12–4
The Relationship Between Maslow’s Need Hierarchy and Herzberg’s Two-Factor Theory

Maslow’s Need Hierarchy	Herzberg’s Two-Factor Theory
Self-actualization	Motivators Achievement Recognition Responsibility
Esteem	Advancement The work itself
Social	Hygiene factors Salary Technical supervision
Safety	Company policies and administration Interpersonal relations
Physiological	Working conditions

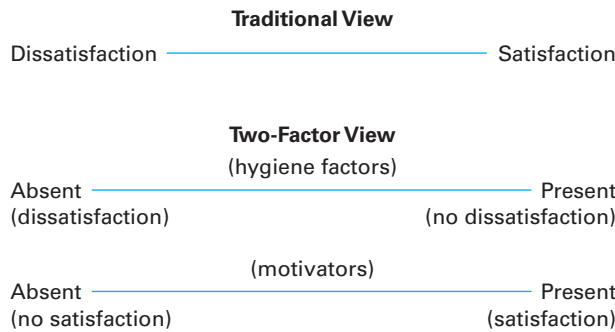


Figure 12–4
Views of Satisfaction/ Dissatisfaction

Before examining the two-factor theory in the international arena, it is important to note that Herzberg’s theory has been criticized by some organizational-behavior academics. One criticism involves the classification of money as a hygiene factor and not as a motivator. There is no universal agreement on this point. Some researchers report that salary is a motivator for some groups, such as blue-collar workers, or those for whom money is important for psychological reasons, such as a score-keeping method for their power and achievement needs.

A second line of criticism is whether Herzberg developed a total theory of motivation. Some argue that his findings actually support a theory of job satisfaction. In other words, if a company gives its people motivators, they will be satisfied; if it denies them motivators, they will not be satisfied; and if the hygiene factors are deficient, they may well be dissatisfied. Much of the international research on the two-factor theory discussed next is directed toward the satisfaction-dissatisfaction concerns rather than complex motivational needs, drives, and goals.

International Findings on Herzberg’s Theory

International findings related to the two-factor theory fall into two categories. One consists of replications of Herzberg’s research in a particular country. This research asks whether managers in country X give answers similar to those in Herzberg’s original studies. In the other category are cross-cultural studies that focus on job satisfaction. This research asks what factors cause job satisfaction and how these responses differ from country to country. The latter studies are not a direct extension of the two-factor theory, but they do offer insights regarding the importance of job satisfaction in international human resource management.

Two-Factor Replications A number of research efforts have been undertaken to replicate the two-factor theory, and in the main, they support Herzberg’s findings. George Hines, for example, surveyed 218 middle managers and 196 salaried employees in New Zealand using ratings of 12 job factors and overall job satisfaction. Based on these findings, he concluded that “the Herzberg model appears to have validity across occupational levels.”¹⁶

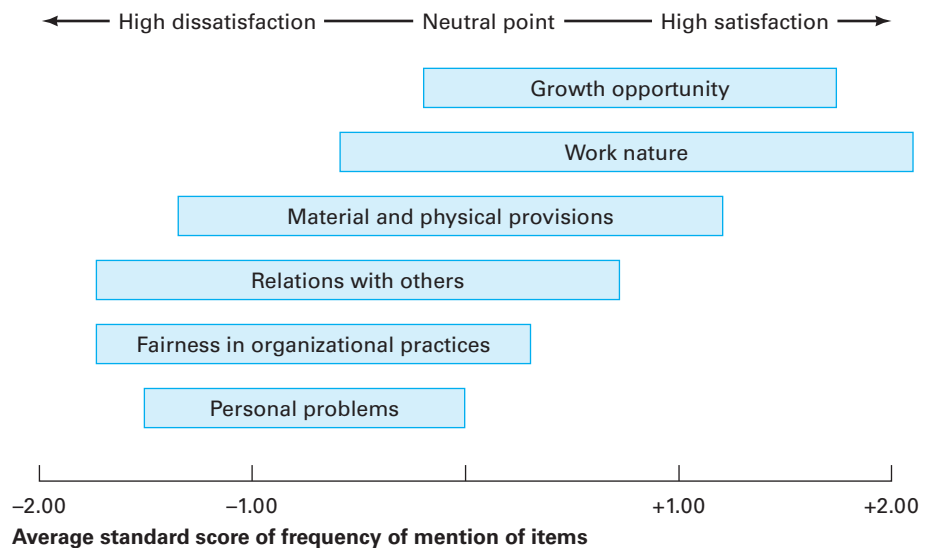
Another similar study was conducted among 178 managers in Greece who were Greek nationals. Overall, this study found that Herzberg’s two-factor theory of job satisfaction generally held true for these managers. The researchers summarized their findings as follows:

As far as job dissatisfaction was concerned, no motivator was found to be a source of dissatisfaction. Only categories traditionally designated as hygiene factors were reported to be sources of dissatisfaction for participating Greek managers. . . . Moreover . . . motivators . . . were more important contributors to job satisfaction than to dissatisfaction . . . (66.8% of the traditional motivator items . . . were related to satisfaction and 31.1% were related to dissatisfaction). Traditional hygiene factors, as a group, were more important contributors to job dissatisfaction than to job satisfaction (64% of the responses were related to dissatisfaction and 36% were related to satisfaction).¹⁷

Another study tested the Herzberg theory in an Israeli kibbutz (communal work group). Motivators there tended to be sources of satisfaction and hygiene factors sources of dissatisfaction, although interpersonal relations (a hygiene factor) were regarded more as a source of satisfaction than of dissatisfaction. The researcher was careful to explain this finding as a result of the unique nature of a kibbutz: Interpersonal relations of a work and nonwork nature are not clearly defined, thus making difficult the separation of this factor on a motivator-hygiene basis. Commenting on the results, the researcher noted that “the findings of this study support Herzberg’s two-factor hypothesis: Satisfactions arise from the nature of the work itself, while dissatisfactions have to do with the conditions surrounding the work.”¹⁸

Similar results on the Herzberg theory have been obtained by research studies in developing countries. For example, one study examined work motivation in Zambia, employing a variety of motivational variables, and found that work motivation was a result of six factors: work nature, growth and advancement, material and physical provisions, relations with others, fairness/unfairness in organizational practices, and personal problems. These variables are presented in Figure 12–5. They illustrate that, in general, the

Figure 12–5
Motivation Factors in Zambia

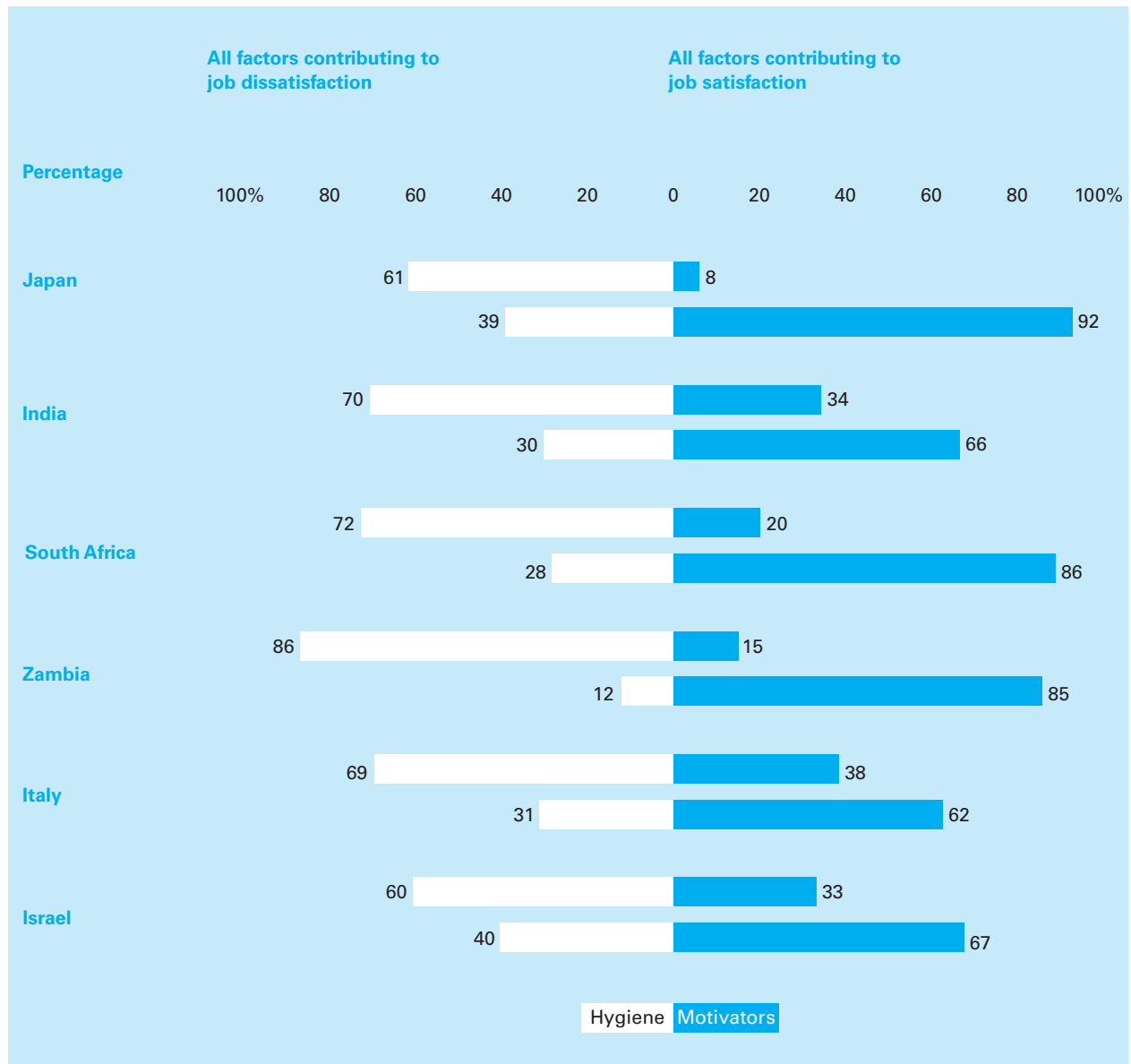


Source: Adapted from Peter D. Machungwa and Neal Schmitt, “Work Motivation in a Developing Country,” *Journal of Applied Psychology*, February 1983, p. 41. Reprinted with permission of the American Psychological Association and the author.

two-factor theory of motivation was supported in this African country.¹⁹ Furthermore, a study performed in Romania indicated that hygiene factors (salary, working conditions, and supervision), though important, were not the driving forces in deciding to accept a senior manager position. The most important aspects of a job to Romanians were how much recognition and appreciation they would receive. This was followed by a desire for salary incentives, though the need for increased knowledge and skills, along with being involved in teams and improving competence and self development, was also significant.²⁰

Cross-Cultural Job-Satisfaction Studies A number of cross-cultural studies related to job satisfaction also have been conducted in recent years. These comparisons show that Herzberg-type motivators tend to be of more importance to job satisfaction than are hygiene factors. A comparison from selected Herzberg studies is provided in Figure 12–6.

Figure 12–6 Selected Countries Hygiene and Motivation



Source: Reprinted by permission of *Harvard Business Review* from “One More Time: How Do You Motivate Employees?” by Frederick Herzberg, September–October 1987, p. 118. Copyright © 1987 by the Harvard Business School Publishing Corporation; all rights reserved.

Table 12–5
The Results of Administering the JOI to Four
Cross-Cultural Groups

	Relative Rankings			
	United States (n = 49)	Australia (n = 58)	Canada (n = 25)	Singapore (n = 33)
Achievement	2	2	2	2
Responsibility	3	3	3	3
Growth	1	1	1	1
Recognition	10	10	8	9
Job status	7	7	7	7
Relationships	5	5	10	6
Pay	8	8	6	8
Security	9	9	9	10
Family	6	6	5	5
Hobby	4	4	4	4

Source: From G. E. Popp, H. J. Davis, and T. T. Herbert, "An International Study of Intrinsic Motivation Composition," *Management International Review*, Vol. 26, No. 3 1986, p. 31. Reprinted with permission.

This shows that hygiene is strongly associated with factors that relate to job dissatisfaction (or avoidance of), and motivation correlates with factors that drive job satisfaction. This is also evident in the research, as seen in one study that administered the Job Orientation Inventory (JOI) to MBA candidates from four countries.²¹ As seen in Table 12–5, the relative ranking placed hygiene factors at the bottom of the list and motivators at the top. What also is significant is that although Singapore students do not fit into the same cultural cluster as the other three groups in the study, their responses were similar. These findings provide evidence that job-satisfaction-related factors may not always be culturally bounded.²²

Another, more comprehensive study of managerial job attitudes investigated the types of job outcomes that are desired by managers in different cultures. Data were gathered from lower- and middle-management personnel who were attending management development courses in Canada, the United Kingdom, France, and Japan.²³ The researchers sought to identify the importance of 15 job-related outcomes and how satisfied the respondents were with each. The results indicated that job content is more important than job context. Organizationally controlled factors (**job-context factors**, such as conditions, hours, earnings, security, benefits, and promotions) for the most part did not receive as high a ranking as internally mediated factors (**job-content factors**, such as responsibility, achievement, and the work itself).

The data also show that managers from the four countries differ significantly regarding both the perceived importance of job outcomes and the level of satisfaction experienced on the job with respect to these outcomes. These differences are useful in shedding light on what motivates managers in these countries and, in the case of MNCs, in developing country-specific human resource management approaches. The most striking contrasts were between the French and the British. Commenting on the applicability of this research to the formulation of motivational strategies for effective human resource management, the researchers noted the following:

The results suggest . . . that efforts to improve managerial performance in the UK should focus on job content rather than on job context. Changes in the nature of the work itself are likely to be more valued than changes in organizational or interpersonal factors. Job enrichment programs which help individuals design their own goals and tasks, and which downplay formal rules and structure, are more likely to improve performance in an intrinsically oriented society such as Britain, where satisfaction tends to be derived from the job itself,

job-context factors

In work motivation, those factors controlled by the organization, such as conditions, hours, earnings, security, benefits, and promotions.

job-content factors

In work motivation, those factors internally controlled, such as responsibility, achievement, and the work itself.

than in France, where job context factors such as security and fringe benefits are more highly valued. The results suggest that French managers may be more effectively motivated by changing job situation factors, as long as such changes are explicitly linked to performance.²⁴

In summary, Herzberg's two-factor theory appears to reinforce Maslow's need hierarchy through its research support in the international arena. As with the application of Maslow's theory, however, MNCs would be wise to apply motivation-hygiene theory on a country-by-country or a regional basis. Although there are exceptions, such as France, there seems to be little doubt that job-content factors are more important than job-context factors in motivating not only managers but also lower-level employees around the world, as Hofstede pointed out.

■ Achievement Motivation Theory

In addition to the need-hierarchy and two-factor theories of work motivation, achievement motivation theory has been given a relatively great amount of attention in the international arena. Achievement motivation theory has been more applied to the actual practice of management than the others, and it has been the focus of some interesting international research.

The Background of Achievement Motivation Theory

Achievement motivation theory holds that individuals can have a need to get ahead, to attain success, and to reach objectives. Note that like the upper-level needs in Maslow's hierarchy or like Herzberg's motivators, the need for achievement is learned. Therefore, in the United States, where entrepreneurial effort is encouraged and individual success promoted, the probability is higher that there would be a greater percentage of people with high needs for achievement than, for example, in China, Russia, or Eastern European countries,²⁵ where cultural values have not traditionally supported individual, entrepreneurial efforts.

Researchers such as the late Harvard psychologist David McClelland have identified a characteristic profile of high achievers.²⁶ First, these people like situations in which they take personal responsibility for finding solutions to problems. They want to win because of their own efforts, not because of luck or chance. Second, they tend to be moderate risk takers rather than high or low risk takers. If a decision-making situation appears to be too risky, they will learn as much as they can about the environment and try to reduce the probability of failure. In this way, they turn a high-risk situation into a moderate-risk situation. If the situation is too low risk, however, there usually is an accompanying low reward, and they tend to avoid situations with insufficient incentive.

Third, high achievers want concrete feedback on their performance. They like to know how well they are doing, and they use this information to modify their actions. High achievers tend to gravitate into vocations such as sales, which provide them with immediate, objective feedback about how they are doing. Finally, and this has considerable implications for human resource management, high achievers often tend to be loners, and not team players. They do not form warm, close relationships, and they have little empathy for others' problems. This last characteristic may distract from their effectiveness as managers of people.

Researchers have discovered a number of ways to develop high-achievement needs in people. These involve teaching the individual to do the following: (1) obtain feedback on performance and use this information to channel efforts into areas where success likely will be attained; (2) emulate people who have been successful achievers; (3) develop an internal desire for success and challenges; and (4) daydream in positive terms by picturing oneself as successful in the pursuit of important objectives.²⁷ Simply put, the need for achievement can be taught and learned.

Before examining international research on achievement motivation theory, it is important to realize that the theory has been cited as having a number of shortcomings. One is that it relies almost solely on the projective personality Thematic Apperception

achievement motivation theory

A theory which holds that individuals can have a need to get ahead, to attain success, and to reach objectives.

Test (TAT) to measure individual achievement, and a number of recent studies have questioned the validity and reliability of this approach.²⁸ Another concern is that achievement motivation is grounded in individual effort, but in many countries group harmony and cooperation are critically important to success. Simply put, the original theory does not satisfactorily explain the need for achievement in cultures in which individual accomplishment is neither valued nor rewarded.²⁹

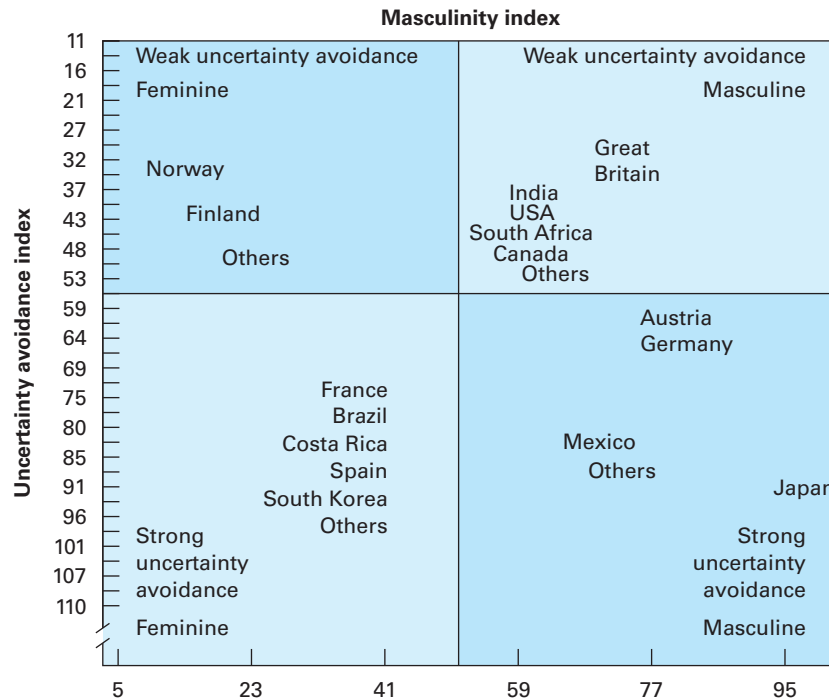
International Findings on Achievement Motivation Theory

A number of international researchers have investigated the role and importance of high-achievement needs in human resource management.³⁰

Early research among Polish industrialists found that many of them were high achievers.³¹ The average high-achievement score was 6.58, quite close to U.S. managers' average score of 6.74. This led some to conclude there is evidence that managers in countries as diverse as the United States and those of the former Soviet bloc in Central Europe have high needs for achievement.³² In later studies, however, researchers did *not* find a high need for achievement in Central European countries. One study, for example, surveyed Czech industrial managers and found that the average high-achievement score was 3.32, considerably lower than that of U.S. managers.³³ Because the need for achievement is learned, differences in these samples can be attributed to cultural differences. By the same token, given the dramatic, revolutionary changes that occurred in Central and Eastern Europe with the end of communism and of centrally planned economies, one could argue that the achievement needs of postcommunist Europeans, now able to be freely expressed, may well be high today. The important point is that because achievement is a learned need and thus largely determined by the prevailing culture, it is not universal and may change over time.

The ideal profile for high-achieving societies can be described in terms of the cultural dimensions examined in Chapter 4. In particular, two cultural dimensions identified by Hofstede in Chapter 4—uncertainty avoidance and masculinity—best describe high-achieving societies (see Figure 12–7). These societies tend to have weak uncertainty

Figure 12–7
Selected Countries on the Uncertainty-Avoidance and Masculinity Scales



Source: Adapted from Geert Hofstede, "The Cultural Relativity of Organizational Practices and Theories," *Journal of International Business Studies*, Fall 1983, p. 86.

avoidance. People in high-achieving societies are not afraid to take at least moderate risks or to live with ambiguity. These societies also tend to have moderate-to-high masculinity, as measured by the high importance they assign to the acquisition of money and other physical assets and the low value they give to caring for others and for the quality of work life. This combination (see the upper right quadrant of Figure 12–7) is found almost exclusively in Anglo countries or in nations that have been closely associated with them through colonization or treaty, such as India, Singapore, and Hong Kong (countries associated with Great Britain) and the Philippines (associated with the United States).

Countries that fall into one of the other three quadrants of Figure 12–7 will not be very supportive of the high need for achievement. MNCs in these geographic regions, therefore, would be wise to formulate a human resource management strategy for either changing the situation or adjusting to it. If they decide to change the situation, they must design jobs to fit the needs of their people or put people through an achievement motivation training program to create high-achieving managers and entrepreneurs.

A number of years ago, McClelland was able to demonstrate the success of such achievement motivation training programs with underdeveloped countries. For example, in India, he conducted such a program with considerable success. In following up these Indian trainees over the subsequent 6 to 10 months, he found that two-thirds were unusually active in achievement-oriented activities. They had started new businesses, investigated new product lines, increased profits, or expanded their present organizations. For example, the owner of a small radio store opened a paint and varnish factory after completing the program. McClelland concluded that this training appeared to have doubled the natural rate of unusual achievement-oriented activity in the group studied.³⁴

If international human resource managers cannot change the situation or train the participants, then they must adjust to the specific conditions of the country and formulate a motivation strategy that is based on those conditions. In many cases, this requires consideration of a need-hierarchy approach blended with an achievement approach. Hofstede offers such advice in dealing with the countries in the various quadrants of Figure 12–7:

The countries on the feminine side . . . distinguish themselves by focusing on quality of life rather than on performance and on relationships between people rather than on money and things. This means *social motivation*: quality of life plus security and quality of life plus risk.³⁵

In the case of countries that are attempting to introduce changes that incorporate values from one of the other quadrants in Figure 12–7, the challenge can be even greater.

In summary, achievement motivation theory provides additional insights into the motivation of personnel around the world. Like the need-hierarchy and two-factor theories, however, achievement motivation theory must be modified to meet the specific needs of the local culture. The culture of many countries does not support high achievement. However, the cultures of Anglo countries and those that reward entrepreneurial effort do support achievement motivation, and their human resources should probably be managed accordingly.

■ Select Process Theories

While content theories are useful in explaining motivation for managing international personnel, process theories can also lead to better understanding. As noted earlier, the process theories explain how employee behavior is initiated, redirected, and halted; and some of these theories have been used to examine motivation in the international arena. Among the most widely recognized are equity theory, goal-setting theory, and expectancy theory. The following briefly examines each of these three and their relevance to international human resource management.

Equity Theory

Equity theory focuses on how motivation is affected by people's perception of how fairly they are being treated. The theory holds that if people perceive that they are being treated equitably, this perception will have a positive effect on their job performance and satisfaction,

equity theory

A process theory that focuses on how motivation is affected by people's perception of how fairly they are being treated.

and there is no need to strive for equity. Conversely, if they believe they are not being treated fairly, especially in relation to relevant others, they will be dissatisfied, and this belief will have a negative effect on their job performance and they will strive to restore equity.

There is considerable research to support the fundamental equity principle in Western work groups.³⁶ However, when the theory is examined on an international basis, the results are mixed. Yuchtman, for example, studied equity perceptions among managers and nonmanagers in an Israeli kibbutz production unit.³⁷ In this setting everyone was treated the same, but the managers reported lower satisfaction levels than the workers. The managers perceived their contributions to be greater than those of any other group in the kibbutz. As a result of this perception, they felt that they were undercompensated for their value and effort. These findings support the basic concepts of equity theory.

One study, which assumed that Western thought was synonymous with individualism and Eastern thought with collectivism, indicated that there are both similarities and differences between how cultures view the equity model. The model consists of employee inputs, subsequent outcomes, areas employees choose to compare the self to, and the motivation to change any perceived inequity that may exist between the self and the point of comparison (such as co-workers or employees in similar industries and positions).³⁸ A summary comparison is provided in Table 12–6.

Table 12–6
Individualistic and Collectivist Approaches to Equity Model

	Western (Individualistic) Cultures	Eastern (Collectivist) Cultures
Inputs	Effort Intelligence Education Experience Skill Social status	Loyalty Support Respect Organizational tenure Organizational status Group member
Outcomes	Pay Autonomy Seniority status Fringe benefits Job status Status symbol	Harmony Social status Acceptance Solidarity Cohesion
Comparisons	<i>Situation</i> Physical proximity Job facet <i>Personal</i> Gender Age Position Professionalism	<i>Organizational Group</i> Similar industry Similar product/service <i>In-Group</i> Status Job Tenure Age Position
Motivation to Reduce Inequity	Change personal inputs Provoke alternate outcomes Psychologically distort inputs and outcomes Leave the field Change points of comparison	<i>Organizational Group</i> Change points of comparison Psychologically distort inputs and outcomes <i>In-Group</i> Alter inputs of self Psychologically distort inputs and outcomes

Source: Adapted from Paul A. Fadil et al., "Equity or Equality?..." *Cross-Cultural Management* 12, no. 4 (2005), p. 23.

On the other hand, a number of studies cast doubt on the relevance of equity theory in explaining motivation in an international setting. Perhaps the biggest shortcoming is that the theory appears to be culture-bound. For example, equity theory postulates that when people are not treated fairly, they will take steps to reduce the inequity by, for example, doing less work, filing a grievance, or getting a transfer to another department. In Asia and the Middle East, however, employees often readily accept inequitable treatment in order to preserve group harmony. Additionally, in countries such as Japan and Korea, men and women typically receive different pay for doing the same work, yet because of years of cultural conditioning, women may not feel they are being treated inequitably.³⁹ Some researchers have explained this finding by suggesting that these women compare themselves only to other women and in this comparison feel they are being treated equitably. While this may be true, the results still point to the fact that equity theory is not universally applicable in explaining motivation and job satisfaction. In short, although the theory may help explain why “equal pay for equal work” is a guiding motivation principle in countries such as the United States and Canada, it may have limited value in other areas of the world, including Asia and Latin America, where compensation differences based on gender, at least traditionally, have been culturally acceptable.

Goal-Setting Theory

Goal-setting theory focuses on how individuals go about setting goals and responding to them and the overall impact of this process on motivation. Specific areas that are given attention in goal-setting theory include the level of participation in setting goals, goal difficulty, goal specificity, and the importance of objective, timely feedback to progress toward goals. Unlike many theories of motivation, goal setting has been continually refined and developed.⁴⁰ There is considerable research evidence showing that employees perform extremely well when they are assigned specific and challenging goals that they have had a hand in setting.⁴¹ But most of these studies have been conducted in the United States, while few of them have been carried out in other cultures.⁴² One study that did examine goal setting in an international setting looked at Norwegian employee participation in goal setting.⁴³ The researchers found that the Norwegian employees shunned participation and preferred to have their union representatives work with management in determining work goals. This led the researchers to conclude that individual participation in goal setting was seen as inconsistent with the prevailing philosophy of participation through union representatives. Unlike the United States, where employee participation in setting goals is motivational, it had no value for the Norwegian employees in this study.

Similar results to the Norwegian study have been reported by Earley, who found that workers in the U.K. responded more favorably to a goal-setting program sponsored by the union stewards than to one sponsored by management. This led Earley to conclude that the transferability across cultural settings of management concepts such as participation in goal setting may well be affected by the prevailing work norms.⁴⁴ In order to further test this proposition, Erez and Earley studied American and Israeli subjects and found that participative strategies led to higher levels of goal acceptance and performance in both cultures than did strategies in which objectives were assigned by higher-level management.⁴⁵ In other words, the value of goal-setting theory may well be determined by culture. In the case, for example, of Asian and Latin work groups, where collectivism is very high, the theory may have limited value for MNC managers in selected countries.

Expectancy Theory

Expectancy theory postulates that motivation is largely influenced by a multiplicative combination of a person’s belief that (a) effort will lead to performance, (b) performance will lead to specific outcomes, and (c) the outcomes will be of value to the individual.⁴⁶ In addition, the theory predicts that high performance followed by high rewards will lead

goal-setting theory

A process theory that focuses on how individuals go about setting goals and responding to them and the overall impact of this process on motivation.

expectancy theory

A process theory that postulates that motivation is influenced by a person’s belief that (a) effort will lead to performance, (b) performance will lead to specific outcomes, and (c) the outcomes will be of value to the individual.

to high satisfaction.⁴⁷ Does this theory have universal application? Eden used it in studying workers in an Israeli kibbutz and found some support;⁴⁸ and Matsui and colleagues reported that the theory could be applied successfully in Japan.⁴⁹ On the other hand, it is important to remember that expectancy theory is based on employees having considerable control over their environment, a condition that does not exist in many cultures (e.g., Asia). In particular, in societies where people believe that much of what happens is beyond their control, this theory may have less value. It would seem that expectancy theory is best able to explain worker motivation in cultures where there is a strong internal locus of control (e.g., in the United States). In short, the theory seems culture-bound, and international managers must be aware of this limitation in their efforts to apply this theory to motivate human resources.

■ Motivation Applied: Job Design, Work Centrality, and Rewards

Content and process theories provide important insights into and understanding of ways to motivate human resources in international management. So, too, do applied concepts such as job design, work centrality, and rewards.

Job Design

job design

A job's content, the methods that are used on the job, and the way the job relates to other jobs in the organization.

Job design consists of a job's content, the methods that are used on the job, and the way in which the job relates to other jobs in the organization. Job design typically is a function of the work to be done and the way in which management wants it to be carried out. These factors help explain why the same type of work may have a different impact on the motivation of human resources in various parts of the world and result in differing qualities of work life.

Quality of Work Life: The Impact of Culture Quality of work life (QWL) is not the same throughout the world. For example, assembly-line employees in Japan work at a rapid pace for hours and have very little control over their work activities. In Sweden, assembly-line employees work at a more relaxed pace and have a great deal of control over their work activities. U.S. assembly-line employees are somewhere in between; they typically work at a pace that is less demanding than that in Japan but more structured than that in Sweden.

What accounts for these differences? One answer is found in the culture of the country. QWL is directly related to culture. Table 12–7 compares the United States, Japan, and Sweden along the four cultural dimensions described in Chapter 4. A brief look shows that each country has a different cultural profile, helping explain why similar jobs may be designed quite differently from country to country. Assembly-line work provides a good basis for comparison.

Table 12–7
Cultural Dimensions in Japan, Sweden, and the United States

Cultural Dimension	Degree of Dimension		
	High/Strong X ←	Moderate — X —	Low/Weak → X
Uncertainty avoidance	J		USA S
Individualism	USA	S	J
Power distance		J USA	S
Masculinity	J	USA	S

Source: From Geert Hofstede, "The Cultural Relativity of the Quality of Life Concept," *Academy of Management Review*, July 1984, pp. 391, 393. Reproduced with permission of Academy of Management via Copyright Clearance Center.

In Japan, there is strong uncertainty avoidance. The Japanese like to structure tasks so there is no doubt regarding what is to be done and how it is to be done. Individualism is low, so there is strong emphasis on security, and individual risk taking is discouraged. The power-distance index is high, so Japanese workers are accustomed to taking orders from those above them. The masculinity index for the Japanese is high, which shows that they put a great deal of importance on money and other material symbols of success. In designing jobs, the Japanese structure tasks so that the work is performed within these cultural constraints. Japanese managers work their employees extremely hard. Although Japanese workers contribute many ideas through the extensive use of quality circles, Japanese managers give them very little say in what actually goes on in the organization (in contrast to the erroneous picture often portrayed by the media, which presents Japanese firms as highly democratic and managed from the bottom up)⁵⁰ and depend heavily on monetary rewards, as reflected by the fact that the Japanese rate money as an important motivator more than the workers in any other industrialized country do.

In Sweden, uncertainty avoidance is low, so job descriptions, policy manuals, and similar work-related materials are more open-ended or general in contrast with the detailed procedural materials developed by the Japanese. In addition, Swedish workers are encouraged to make decisions and to take risks. Swedes exhibit a moderate-to-high degree of individualism, which is reflected in their emphasis on individual decision making (in contrast to the collective or group decision making of the Japanese). They have a weak power-distance index, which means that Swedish managers use participative approaches in leading their people. Swedes score low on masculinity, which means that interpersonal relations and the ability to interact with other workers and discuss job-related matters are important. These cultural dimensions result in job designs that are markedly different from those in Japan.

Cultural dimensions in the United States are closer to those of Sweden than to those of Japan. In addition, except for individualism, the U.S. profile is between that of Sweden and Japan (again see Table 12–7). This means that job design in U.S. assembly plants tends to be more flexible or unstructured than that of the Japanese but more rigid than that of the Swedes.

This same pattern holds for many other jobs in these three countries. All job designs tend to reflect the cultural values of the country. The challenge for MNCs is to adjust job design to meet the needs of the host country's culture. For example, when Japanese firms enter the United States, they often are surprised to learn that people resent close control. In fact, there is evidence that the most profitable Japanese-owned companies in the United States are those that delegate a high degree of authority to their U.S. managers.⁵¹ Similarly, Japanese firms operating in Sweden find that quality of work life is a central concern for the personnel and that a less structured, highly participative management style is needed for success. Some of the best examples of efforts to integrate job designs with culture and personality are provided by sociotechnical job designs.

Sociotechnical Job Designs

Sociotechnical designs are job designs that blend personnel and technology. The objective of these designs is to integrate new technology into the workplace so that workers accept and use it to increase overall productivity. Because new technology often requires people to learn new methods and, in some cases, work faster, employee resistance is common. Effective sociotechnical design can overcome these problems. There are a number of good examples, and perhaps the most famous is that of Volvo, the Swedish automaker.

Sociotechnical changes reflective of the cultural values of the workers were introduced at Volvo's Kalmar plant. Autonomous work groups were formed and given the authority to elect their own supervisors as well as to schedule, assign, and inspect their own work. Each group was allowed to work at its own pace, although there was an overall output objective for the week, and each group was expected to attain this goal.⁵²

sociotechnical designs

Job designs that blend personnel and technology.

The outcome was very positive and resulted in Volvo building another plant that employed even more sophisticated sociotechnical job-design concepts. Volvo's plant layout, however, did not prevent the firm from having some problems. Both Japanese and North American automakers were able to produce cars in far less time, putting Volvo at a cost disadvantage. As a result, stagnant economies in Asia, coupled with weakening demand for Volvo's product lines in both Europe and the United States, resulted in the firm laying off workers and taking steps to increase its efficiency. More recently, Volvo's performance has rebounded, bolstered in part by its truck sales and reputation for safety in its passenger car division.⁵³

Without sacrificing efficiency, other firms have introduced sociotechnical designs for better blending of their personnel and technology. A well-known U.S. example is General Foods, which set up autonomous groups at its Topeka, Kansas, plant to produce Gaines pet food. Patterned after the Volvo example, the General Foods project allowed workers to share responsibility and work in a highly democratic environment. Other U.S. firms also have opted for a self-managed team approach. In fact, research reports that the concept of multifunctional teams with autonomy for generating successful product innovation is more widely used by successful U.S., Japanese, and European firms than any other teamwork concept.⁵⁴ Its use must be tempered by the cultural situation, however. And even the widely publicized General Foods project at Topeka had some problems. Some former employees indicate that the approach steadily eroded and that some managers were openly hostile because it undermined their power, authority, and decision-making flexibility. The most effective job design will be a result of both the job to be done and the cultural values that support a particular approach.⁵⁵ For MNCs, the challenge will be to make the fit between the design and the culture.

At the same time, it is important to realize that functional job descriptions now are being phased out in many MNCs and replaced by more of a process approach. The result is a more horizontal network that relies on communication and teamwork. This approach also is useful in helping create and sustain partnerships with other firms.

Work Centrality

work centrality

The importance of work in an individual's life relative to other areas of interest.

Work centrality, which can be defined as the importance of work in an individual's life relative to his or her other areas of interest (family, church, leisure), provides important insights into how to motivate human resources in different cultures.⁵⁶ After conducting a review of the literature, Bhagat and associates found that Japan has the highest level of work centrality, followed by moderately high levels for Israel, average levels for the United States and Belgium, moderately low levels for the Netherlands and Germany, and low levels for Britain.⁵⁷ These findings indicate that successful multinationals in Japan must realize that although work is an integral part of the Japanese lifestyle, work in the United States must be more balanced with a concern for other interests. Unfortunately, this is likely to become increasingly more difficult for Japanese firms in Japan because stagnant population growth is creating a shortage of personnel. As a result, growing numbers of Japanese firms are now trying to push the mandatory retirement age to 65 from 60 and, except for workers in the United States, Japanese workers put in the most hours.⁵⁸

Value of Work Although work is an important part of the lifestyles of most people, this emphasis can be attributed to a variety of conditions. For example, one reason that Americans and Japanese work such long hours is that the cost of living is high, and hourly employees cannot afford to pass up the opportunity for extra money. Among salaried employees who are not paid extra, most Japanese managers expect their subordinates to stay late at work, and overtime has become a requirement of the job. Moreover, there is recent evidence that Japanese workers may do far less work in a business day than outsiders would suspect.

Many people are unaware of these facts and have misperceptions of why the Japanese and Americans work so hard and the importance of work to them. The same is true

Table 12–8
2007 Annual Salaries: U.S. and Germany

Grade	U.S. Salary (Annual, in US\$)	German Salary (Annual, in US\$)
1	16,630	21,259
2	18,698	23,800
3	20,401	25,532
4	22,902	27,919
5	25,623	30,103
6	28,562	33,625
7	31,740	35,839
8	35,151	38,312
9	38,824	41,248
10	42,755	45,010
11	46,974	50,765
12	56,301	57,213
13	66,951	63,248
14	79,115	70,109
15	93,063	NA

Source: www.opm.gov/oca/07tables/html/ga.asp and calculated from www.per.hqusa.army.mil/CPD/Pay_Information/LN_Program/Germany/GermanySalary.aspx.

of Germans and Americans. In recent years, the number of hours worked annually by German workers has been declining, while the number for Americans has been on the rise. What accounts for this trend? Some observers have explained it in cultural terms, noting that Germans place high value on lifestyle and often prefer leisure to work, while their American counterparts are just the opposite. In fact, research reveals that culture may have little to do with it. A study by the National Bureau of Economic Research (NBER) found a far wider range of wages within American companies than in German firms, and this large pay disparity has created incentives for American employees to work harder. For instance, Table 12–8 compares U.S. and German salaries based on a “Step 1” or entry-level pay scale. In particular, many U.S. workers believe that if they work harder, their chances of getting pay hikes and promotions will increase, and there are historical data to support this belief. An analysis of worker histories in the United States and Germany led NBER researchers to estimate that American workers who increase their working time by 10 percent, for example, from 2,000 to 2,200 hours annually, will raise their future earnings by about 1 percent for each year in which they put in extra hours.

Obviously, factors other than culture—such as gender, industry, and organizational characteristics—influence the degree and type of work centrality within a country. These factors, in turn, interact with national cultural characteristics. One study of work centrality examined the effect of parenthood on men and on women regarding the centrality of and investment in work and family in the bicultural context of the Israeli high-tech industry (i.e., the family-centered Israeli society on the one hand, and the masculine work-centered high-tech industry on the other hand). This study found a contrasting parenthood effect on men and women. Fathers showed higher relative work centrality than childless men, whereas mothers showed lower relative work centrality than women without children. Fathers invested more weekly hours in paid work than childless men, whereas mothers invested fewer weekly hours in paid work than women without children. In the parents’ sub-sample, mothers evinced higher relative family centrality than fathers. Mothers also invested more weekly hours in child care and core housework tasks than fathers. A key finding was that the contrasting parenthood effect prevails even in the

Karoshi: Stressed Out in Japan

Doing business in Japan can be a real killer. Overwork, or *karoshi*, as it is called in Japan, claims 10,000 lives annually in this hard-driving, competitive economic society according to Hiroshi Kawahito, a lawyer who founded the National Defense Council for Victims of Karoshi.

One of the cases is Jun Ishii of Mitsui & Company. Ishii was one of the firm's only speakers of Russian. In the year before his death, Ishii made 10 trips to Russia, totaling 115 days. No sooner would he arrive home from one trip than the company would send him out again. The grueling pace took its toll. While on a trip, Ishii collapsed and died of a heart attack. His widow filed a lawsuit against Mitsui & Company, charging that her husband had been worked to death. Tokyo labor regulators ruled that Ishii had indeed died of *karoshi*, and the government now is paying annual worker's compensation to the widow. The company also cooperated and agreed to make a one-time payment of \$240,000.

The reason that the case received so much publicity is that this is one of the few instances in which the government ruled that a person died from overwork. Now regulators are expanding *karoshi* compensation to salaried as well as hourly workers. This development is receiving the attention of the top management of many Japanese multinationals, and some Japanese MNCs are beginning to take steps to prevent the likelihood of overwork. For example, Mitsui & Company now assesses its managers based on how well they set overtime hours, keep subordinates healthy, and encourage workers to take vacations. Matsushita Electric has extended vacations from 16 days annually to 23 days and now requires all workers to take this time off. One branch of Nippon Telegraph & Telephone found that stress made some workers irritable and ill, so the company initiated periods of silent meditation. Other companies are following suit, although there still are many Japanese who work well over 2,500 hours a year and feel both frustrated and burned out by job demands.

On the positive side, the Ishii case likely will bring about some improvements in working conditions for many Japanese employees. Experts admit, however,

that it is difficult to determine if *karoshi* is caused by work demands or by private, late-night socializing that may be work-related. Other possible causes include high stress, lack of exercise, and fatty diets, but whatever the cause, one thing is clear: More and more Japanese families no longer are willing to accept the belief that *karoshi* is a risk that all employees must accept. Work may be a killer, but this outcome can be prevented through more carefully implemented job designs and work processes.

At the same time, recent reports show that there is still a long way to go. In Saku, Japan, for example, the city's main hospital has found that 32 percent of the patients hospitalized in the internal medicine and psychiatric wards are being treated for chronic fatigue syndrome, a diagnosis that is made only after six months of severe, continuous fatigue in the absence of any organic illness. Japanese doctors attribute this explosion of chronic fatigue syndrome to stress. Moreover, during the prolonged economic downturn, a growing number of businesspeople found themselves suffering from these symptoms. And to make matters worse, there is growing concern about alcoholism among workers. Over the past four decades, per capita alcohol consumption in most countries has declined, but in Japan it has risen fourfold. The per capita consumption of alcohol in Japan is equal to that in the United States. Even this comparison is misleading because researchers have found that most Japanese women do not drink at all, but Japanese men in their 50s drink more than twice as much as their American counterparts. Additionally, young Japanese employees find that drinking is considered necessary, and some of them have raised complaints about *alru-hara*, or alcohol harassment (forced/pressured alcohol consumption).

Dealing with overwork will continue to be a challenge both for Japanese firms and for the government. The same is true of the growing problems associated with alcohol that are being brought on by stress and business cultures that have long supported alcohol consumption as a way of doing business and fitting into the social structure.

demanding high-tech sector, in which women are expected to work long hours and play down their care-giving activities.⁵⁹

Another important area of consideration is the importance of work as a part of overall lifestyle. In the case of Japanese workers, in particular, there has been a growing interest in the impact of overwork on the physical condition of employees. A report by the Japanese government noted that one-third of the working-age population suffers from chronic fatigue, and a recent survey by the Japanese prime minister's office found that a majority of those who were surveyed complained of being chronically tired and feeling emotionally stressed and some complained about abusive conditions in the workplace.⁶⁰ Fortunately, as seen in the International Management in Action box, "Karoshi: Stressed Out in Japan," the effects of overwork or job burnout—**karoshi** in Japanese—

karoshi

A Japanese term that means "overwork" or "job burnout."

are beginning to be recognized as a real social problem. Other Asian countries which are subject to accelerated development are also experiencing job stress. Chinese workers, for example, are exhibiting classic Western signs of stress and overwork. Burnout, substance abuse, eating disorders, and depression abound, not to mention time away from the family. The culture is such that employees will not seek counseling, as it is a sign of weakness and embarrassment. However, like the Japanese, the Chinese are seeing the issue and attempting to approach a solution that will alleviate stress and save face.⁶¹

Job Satisfaction In addition to the implications that value of work has for motivating human resources across cultures, another interesting contrast is job satisfaction. For example, one study found that Japanese office workers may be much less satisfied with their jobs than their U.S., Canadian, and EU counterparts are. The Americans, who reported the highest level of satisfaction in this study, were pleased with job challenges, opportunities for teamwork, and ability to make a significant contribution at work. Japanese workers were least pleased with these three factors.⁶² Similar findings were uncovered by Luthans and his associates, who reported that U.S. employees had higher organizational commitment than Japanese or Korean workers in their cross-cultural study. What makes these findings particularly interesting is that a large percentage of the Japanese and Korean workers were supervisory employees, who could be expected to be more committed to their organization than nonsupervisory employees, and a significant percentage of these employees also had lifetime guarantees.⁶³ This study also showed that findings related to job satisfaction in the international arena often are different from expected.⁶⁴

Conventional wisdom not always being substantiated has been reinforced by cross-cultural studies that found Japanese workers who already were highly paid, and then received even higher wages, experienced decreased job satisfaction, morale, commitment, and intention to remain with the firm. This contrasts sharply with U.S. workers, who did not experience these negative feelings.⁶⁵ These findings show that the motivation approaches used in one culture may have limited value in another.⁶⁶

Research by Kakabadse and Myers also has brought to light findings that are contradictory to commonly accepted beliefs. These researchers examined job satisfaction among managers from the United Kingdom, France, Belgium, Sweden, and Finland. It has long been assumed that satisfaction is highest at the upper levels of organizations; however, this study found varying degrees of satisfaction among managers, depending on the country. The researchers reported that senior managers from France and Finland display greater job dissatisfaction than the managers from the remaining countries. In terms of satisfaction with and commitment to the organization, British, German, and Swedish managers display the highest levels of commitment. Equally, British and German managers highlight that they feel stretched in their job, but senior managers from French organizations suggest that their jobs lack sufficient challenge and stimulus. In keeping with the job-related views displayed by French managers, they equally indicate their desire to leave their job because of their unsatisfactory work-related circumstances.⁶⁷

On the other hand, research also reveals that some of the conditions that help create organizational commitment among U.S. workers also have value in other cultures. For example, a large study of Korean employees ($n = 1,192$ in 27 companies in 8 major industries) found that consistent with U.S. studies, Korean employees' position in the hierarchy, tenure in their current position, and age all related significantly to organizational commitment. Also, as in previous studies in the United States, as the size of the Korean organizations increased, commitment decreased, and the more positive the climate perceptions, the greater was the commitment.⁶⁸ In other words, there is at least beginning evidence that the theoretic constructs predicting organizational commitment may hold across cultures.

Also related to motivation are job attitudes toward quality of work life. Recent research reports that EU workers see a strong relationship between how well they do their jobs and the ability to get what they want out of life. U.S. workers were not as supportive of this relationship, and Japanese workers were least likely to see any connection.

This finding raises an interesting motivation-related issue regarding how well, for example, American, European, and Japanese employees can work together effectively. Some researchers have recently raised the question of how Japanese firms will be able to have effective strategic alliances with American and European companies if the work values of the partners are so different. Tornvall, after conducting a detailed examination of the work practices of five companies—Fuji-Kiku, a spare-parts firm in Japan; Toyota Motor Ltd. of Japan; Volvo Automobile AB of Sweden; SAAB Automobile AB, Sweden; and the General Motors plant in Saginaw, Michigan—concluded that there were benefits from the approaches used by each. This led him to recommend what he calls a “balance in the synergy” between the partners.⁶⁹ Some of his suggestions included the following:

Moving away from	Moving toward
Logical and reason-centered, individualistic thinking	A more holistic, idealistic, and group thinking approach to problem solving
Viewing work as a necessary burden	Viewing work as a challenging and development activity
The avoidance of risk taking and the feeling of distrust of others	An emphasis on cooperation, trust, and personal concern for others
The habit of analyzing things in such great depth that it results in “paralysis through analysis”	Cooperation built on intuition and pragmatism
An emphasis on control	An emphasis on flexibility

In large degree, this balance will require all three groups—Americans, Europeans, and Asians—to make changes in the way they approach work.

In conclusion, it should be remembered that work is important in every society. The extent of importance varies, however, and much of what is “known” about work as a motivator often is culture-specific. Again, the lesson to be learned for international management is that although the process of motivation may be the same, the content may change from one culture to another.

Reward Systems

Besides the content and process theories, another important area of motivation is that of rewards. Managers everywhere use rewards to motivate their personnel. Sometimes these are financial in nature such as salary raises, bonuses, and stock options. At other times they are nonfinancial such as feedback and recognition.⁷⁰ The major challenge for international managers is that there are often significant differences between the reward systems that work best in one country and those that are most effective in another. Some of these differences are a result of the competitive environment⁷¹ or of government legislation that dictates such things as minimum wages, pensions, and perquisites.⁷² In other cases, the differences are accounted for very heavily by culture.⁷³ For example, while many American companies like to use merit-based reward systems, firms in Japan, Korea, and Taiwan, where individualism is not very high, often feel that this form of reward system is too disruptive of the corporate culture and traditional values.⁷⁴

■ Incentives and Culture

Use of financial incentives to motivate employees is very common, especially in countries with high individualism. In the United States, a number of chief executive officers earn over \$100 million a year thanks to bonuses, stock options, and long-term incentive payments.⁷⁵ These pay systems are common when companies attempt to link compensation to performance. Typically, these systems range from individual incentive-based pay systems in which workers are paid directly for their output, to systems in which employees earn individual bonuses based on how well the organization at large achieves certain goals such as sales growth, total revenue, or total profit. These reward systems are designed to stress *equity*. However, they are not universally accepted.

In many cultures compensation is based on group membership or group effort. In these cases the systems are designed to stress *equality*, and employees will oppose the use of individual incentive plans. One example of this is the American multinational corporation that decided to institute an individually based bonus system for the sales representatives in its Danish subsidiary. The sales force rejected the proposal because it favored one group over another and employees felt that everyone should receive the same size bonus.⁷⁶ Another example, reported by Vance and associates, was Indonesian oil workers who rejected a pay-for-performance system that would have resulted in some work teams making more money than others.⁷⁷

While financial rewards such as pay, bonuses, and stock options are important motivators, in many countries workers are highly motivated by other things as well. For example, Sirota and Greenwood studied employees of a large multinational electrical equipment manufacturer with operations in 40 countries. They found that in all of these locales the most important rewards involved recognition and achievement. Second in importance were improvements in the work environment and employment conditions including pay and work hours.⁷⁸ Beyond this, a number of differences emerged in preferred types of rewards. For example, employees in France and Italy highly valued job security, while for American and British workers it held little importance. Scandinavian workers placed high value on concern for others on the job and for personal freedom and autonomy, but they did not rate “getting ahead” as very important. German workers ranked security, fringe benefits, and “getting ahead” as very important, while Japanese employees put good working conditions and a congenial work environment high on their list but ranked personal advancement quite low.

Very simply, the types of incentives that are deemed important appear to be culturally influenced. Moreover, culture can even affect the overall cost of an incentive system. In Japan, efforts to introduce Western-style merit pay systems typically lead to an increase in the overall labor costs because the companies find that they cannot reduce the pay of less productive workers for fear of causing them to lose face and thus disturb group harmony.⁷⁹ As a result, everyone’s salary increases. Culture also impacts profit in that people tend to perform better under management systems that are supportive of their own values. Nam, for example, studied two Korean banks that operated under different management systems.⁸⁰ One was owned and operated as a joint venture with an American bank, and the other was owned and operated as a joint venture with a Japanese bank. The American bank put into place management practices and personnel policies that were common in its own organization. The Japanese bank put together a blend of Japanese and Korean human resource management policies. Nam found that employees in the joint venture with the Japanese bank were significantly more committed to the organization than were their counterparts in the American joint venture and the Japanese-affiliated bank had significantly higher financial performance.

Sometimes, however, reward systems can be transferred and used successfully. For example, Welsh, Luthans, and Sommer examined the effectiveness of common Western incentive systems in a Russian textile factory.⁸¹ They found that both contingently administered extrinsic rewards and positive recognition and attention from the supervisor led to significantly enhanced job performance, while participative techniques had little

impact on job behavior and performance. Similarly, many people believe that large annual financial packages and lucrative golden parachutes are used only in American firms, but this is untrue. Senior-level managers in many MNCs now earn large salaries, and large financial packages for executives who are terminated or whose company is acquired by another firm are gaining in popularity, especially in Europe.⁸² In other words, the type of rewards that are used is not culture-bound.

Overall, however, cultures do greatly influence the effectiveness of various rewards. What works in one country may not work in another. For example, research shows that Swedish workers with superior performance often prefer a reward of time off rather than additional money, while high-performing Japanese workers tend to opt for financial incentives—as long as they are group-based and not given on an individual basis.⁸³ It is also important to realize that the reasons why workers choose one form of motivation over another—for example, days off rather than more money—may not be immediately obvious or intuitively discernible. For example, research has found that Japanese workers tend to take only about half of their annual holiday entitlements, while French and German workers take all of the days to which they are entitled. Many people believe the Japanese want to earn more money, but the primary reason why they do not take all their holiday entitlements is that they believe taking all of those days shows a lack of commitment to their work group. The same is true for overtime: Individuals who refuse to work overtime are viewed as selfish. One of the results of these Japanese cultural values is *karoshi*, which we discussed a bit earlier in the chapter.

■ The World of International Management—Revisited

The World of International Management at the start of the chapter introduced you to how important it is for MNCs and international managers to understand the underlying motivators of workers' performance. It also discussed various sources of employee satisfaction or dissatisfaction and how these factors may differ among countries and cultures or how they may be the same. By ignoring such crucial issues, companies risk losing a vast talent pool and incurring costs through new hires, training, or settling for less experienced personnel.

While workers in some countries may be lured into attractive jobs provided by MNCs through relatively good salary compensation and the promise of upward mobility, many have become impatient from the lack of institutional follow-through in various dimensions. Companies moving to other countries may initially save money from low introductory wages, but they need to consider the costs involved in retaining (or losing) valuable talent. Until recently, awareness of the needs of employees in the international context was reflected simply in wage incentives, but more and more organizations are realizing that the less tangible values of work environment, recognition of intertwined work/family relationships, and the opportunity to continue education are highly regarded in many cultures. Identifying specific cultural viewpoints early can help MNCs in any country to grow and may be the key to continued survival.

The challenge for international managers is to put together a motivational package that addresses the specific needs of the employee or group in each region where an MNC serves. Applying the ideas presented in this chapter, answer the following questions: (1) What are some of the things that successful MNCs do to effectively motivate European employees? Chinese employees? Southeast-Asian (Indonesian) employees? (2) What kinds of incentives do scientific and technical employees respond to that might not be as meaningful to other categories of employees? (3) What advantages might employees see in working for a truly global company (as opposed to a North American MNC)?

SUMMARY OF KEY POINTS

1. Two basic types of theories explain motivation: content and process. Content theories of motivation have received much more attention in international management research because they provide the opportunity to create a composite picture of the motivation of human resources in a particular country or region. In addition, content theories more directly provide ways for managers to improve the performance of their human resources.
2. Maslow's hierarchy-of-needs theory has been studied in a number of different countries. Researchers have found that regardless of the country, managers have to be concerned with the satisfaction of these needs for their human resources.
3. Some researchers have suggested that satisfaction profiles are not very useful for studying motivation in an international setting because there are so many different subcultures within any country or even at different levels of a given organization. These researchers have suggested that job categories are more effective for examining motivation, because job level (managers versus operating employees) and the need hierarchy have established correspondences.
4. Like Maslow's theory, Herzberg's two-factor theory has received considerable attention in the international arena, and Herzberg's original findings from the United States have been replicated in other countries. Cross-cultural studies related to job satisfaction also have been conducted. The data show that job content is more important than job context to job satisfaction.
5. The third content theory of motivation that has received a great amount of attention in the international arena is the need for achievement. Some current findings show that this need is not as widely held across cultures as was previously believed. In some parts of the world, however, such as Anglo countries, cultural values encourage people to be high achievers. In particular, Dutch researcher Geert Hofstede suggested that an analysis of two cultural dimensions, uncertainty avoidance and masculinity, helps to identify high-achieving societies. Once again, it can be concluded that different cultures will support different motivational needs, and that international managers developing strategies to motivate their human resources for improved performance must recognize cultural differences.
6. Process theories have also contributed to the understanding of motivation in the international arena. Equity theory focuses on how motivation is affected by people's perception of how fairly they are being treated, and there is considerable research to support the fundamental equity principle in Western work groups. However, when the theory is examined on an international basis, the results are mixed. Perhaps the biggest shortcoming of the theory is that it appears to be culture-bound. For example, in Japan and Korea, men and women typically receive different pay for doing precisely the same work, and this is at least traditionally not perceived as inequitable to women.
7. Goal-setting theory focuses on how individuals go about setting goals and responding to them and the overall impact of this process on motivation. There is evidence showing that employees perform extremely well when they are assigned specific and challenging goals that they had a hand in setting. However, most of these goal-setting studies have been conducted in the United States; few of them have been carried out in other cultures. Additionally, research results on the effects of goal setting at the individual level are very limited, and culture may well account for these outcomes.
8. Expectancy theory postulates that motivation is largely influenced by a multiplicative combination of a person's belief that effort will lead to performance, that performance will lead to specific outcomes, and that these outcomes are valued by the individual. There is mixed support for this theory. Many researchers believe that the theory best explains motivation in countries characterized by an internal locus of control.
9. Although content and process theories provide important insights into the motivation of human resources, three additional areas that have received a great deal of recent attention in the application of motivation theory are job design, work centrality, and reward systems. Job design is influenced by culture as well as the specific methods that are used to bring together the people and the work. Work centrality helps to explain the importance of work in an individual's life relative to other areas of interest. In recent years work has become a relatively greater part of the average U.S. employee's life and perhaps less a part of the average Japanese worker's life.

Research also indicates that Japanese office workers are less satisfied with their jobs than are U.S., Canadian, and EU workers, suggesting once again that MNCs need to design motivation packages that address the specific needs of different cultures. This is also true for rewards. Research shows that the relative motivational value of monetary and nonmonetary rewards is influenced by culture. Countries with high individualism, such as the United States and the U.K., tend to make wide use of individual incentives, while collectivistic countries such as those in Asia prefer group-oriented incentives.

10. A central point of the chapter is that some motivational practices may have universal appeal, but more often they need tailoring to fit to the culture in which an MNC may be working. Research shows that some motivational approaches in the United States have been successfully transferred to Russia. More often creative modification to familiar approaches is necessary. The importance for international managers of focusing on employee motivation is unquestioned. The challenge lies in finding the appropriate applications of motivational theory to the specific culture at hand.

KEY TERMS

achievement motivation theory, 435	intrinsic, 422	process theories of motivation, 424
content theories of motivation, 424	job-content factors, 434	safety needs, 425
equity theory, 437	job-context factors, 434	self-actualization needs, 425
esteem needs, 425	job design, 440	social needs, 425
expectancy theory, 439	karoshi, 444	sociotechnical designs, 441
extrinsic, 422	motivation, 422	two-factor theory of motivation, 429
goal-setting theory, 439	motivators, 429	work centrality, 442
hygiene factors, 429	physiological needs, 425	

REVIEW AND DISCUSSION QUESTIONS

- Do people throughout the world have needs similar to those described in Maslow's need hierarchy? What does your answer reveal about using universal assumptions regarding motivation?
- Is Herzberg's two-factor theory universally applicable to human resource management, or is its value limited to Anglo countries?
- What are the dominant characteristics of high achievers? Using Figure 12-7 as your point of reference, determine which countries likely will have the greatest percentage of high achievers. Why is this so? Of what value is your answer to the study of international management?
- A U.S. manufacturer is planning to open a plant in Sweden. What should this firm know about the quality of work life in Sweden that would have a direct effect on job design in the plant? Give an example.
- What does a U.S. firm setting up operations in Japan need to know about work centrality in that country? How would this information be of value to the multinational? Conversely, what would a Japanese firm need to know about work centrality in the United States? Explain.
- In managing operations in Europe, which process theory—equity theory, goal-setting theory, or expectancy theory—would be of most value to an American manager? Why?
- What do international managers need to know about the use of reward incentives to motivate personnel? What role does culture play in this process?

INTERNET EXERCISE: MOTIVATING POTENTIAL EMPLOYEES

In order for multinationals to continue expanding their operations, they must be able to attract and retain highly qualified personnel in many countries. Much of their success in doing this will be tied to the motivational package that they offer, including financial opportunities, benefits and perquisites, meaningful work, and an environment that promotes productivity and worker creativity. Automotive firms, in particular, are a good example of MNCs that are trying very hard to increase their worldwide market share. So for them, employee motivation is an area that is getting a lot of attention.

Go to the Web and look at the career opportunities that are currently being offered by Nestlé, Unilever, and Procter & Gamble (websites: nestle.com, unilever.com, png.com). All three of these companies provide information about the career opportunities they offer. Based on this information, answer these questions: (1) What are some of the things that all three firms offer to motivate new employees? (2) Which of the three has the best motivational package? Why? (3) Are there any major differences between P&G and European-based rivals? What conclusion can you draw from this?



Singapore

Singapore is an island city-state that is located at the southern tip of the Malay Peninsula. The small country covers 239 square miles and is connected by train across the Johore Strait to West Malaysia in the north. The Strait of Malacca to the south separates Singapore from the Indonesian island of Sumatra. There are approximately 4.7 million people in Singapore, resulting in a population density per square mile of almost 18,000 people. About three-fourths of Singaporeans are of Chinese descent, 15 percent are Malays, and the remainder are Indian and European. The gross domestic product of this thriving country is over \$235.7 billion, and per capita GDP is around \$50,300. One of the so-called newly industrialized countries, Singapore in recent years has been affected by the economic uncertainty around the world, but the currency and prices have remained relatively stable. The very clean and modern city remains the major commercial and shipping center of Southeast Asia.

Singapore is a Southeast Asian financial and high-tech hub, attracting more and more pharmaceutical and medical technology producers from across the globe.

The Madrugá Corporation of Cleveland has been producing small electronic toys in Singapore. The small factory has been operated by local managers, but Madrugá now wants to expand the Singapore facilities as well as integrate more expatriate managers into the operation. The CEO explained: “We do not want to run this plant as if it were a foreign subsidiary under the direct control of local managers. It is our plant and we want an on-site presence. Over the last year we have been staffing our Canadian and European operations with headquarters personnel, and we are now ready to turn attention to our Singapore operation.” Before doing so, the company intends to conduct some on-site research to learn the most effective way of managing the Singapore personnel. In particular, the Madrugá management team is concerned with how to motivate the Singaporeans and make them

more productive. One survey has already been conducted among the Singapore personnel; this study found a great deal of similarity with the workers at the U.S. facilities. Both the Singapore and the U.S. employees expressed a preference for job-content factors such as the chance for growth, achievement, and increased responsibility, and they listed money and job security toward the bottom of the list of things they looked for in a job.

Madruga management is intrigued by these findings and believes that it might be possible to use some of the same motivation approaches in Singapore as it does in the United States. Moreover, one of the researchers sent the CEO a copy of an article showing that people in Singapore have weak uncertainty avoidance and a general cultural profile that is fairly similar to that of the United States. The CEO is not sure what all this means, but she does know that motivating workers in Singapore apparently is not as “foreign” a process as she thought it would be.

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Questions

1. What are some current issues facing Singapore? What is the climate for doing business in Singapore today?
2. Based on the information in this case, determine the specific things that seem to motivate human resources in Singapore.
3. Would knowledge of the achievement motive be of any value to the expatriate managers who are assigned to the Singapore operation?
4. If you were using Figure 12–7 to help explain how to motivate Singapore human resources effectively, what conclusions could you draw that would help provide guidelines for the Madrugá management team?

Motivation Is the Key

Over the last five years, Corkley & Finn, a regional investment brokerage house, has been extremely profitable. Some of its largest deals have involved cooperation with investment brokers in other countries. Realizing that the world economy is likely to grow vigorously over the next 25 years, the company has decided to expand its operations and open overseas branches. In the beginning, the company intends to work in cooperation with other local brokerages; however, the company believes that within five years, it will have garnered enough business to break away and operate independently. For the time being, the firm intends to set up a small office in London and another in Tokyo.

The firm plans on sending four people to each of these offices and recruiting the remainder of the personnel from the local market. These new branch employees will have to spend time meeting potential clients and building trust. This will be followed by the opportunity to put together small financial deals and, it is hoped, much larger ones over time.

The company is prepared to invest whatever time or money is needed to make these two branches successful. “What we have to do,” the president noted, “is establish an international presence and then build from there. We will need to hire people who are intensely loyal to us and use them as a cadre for expanding operations and becoming a major player in the international financial arena. One of our most important challenges will be to hire the right people and motivate them to do the type of job we want and stay with us. After all, if we bring in people and

train them how to do their jobs well and then they don't perform or they leave, all we've done is spend a lot of money for nothing and provide on-the-job training for our competitors. In this business, our people are the most important asset, and clients most often are swayed toward doing business with an investment broker with whom they think they can have a positive working relationship. The reputation of the firm is important, but it is always a function of the people who work there. Effective motivation of our people is the key to our ultimate success in these new branches.”

Questions

1. When motivating the personnel in London and Tokyo, is the company likely to find that the basic hierarchical needs of the workers are the same? Why or why not?
2. How could an understanding of the two-factor theory of motivation be of value for motivating the personnel at both locations? Would hygiene factors be more important to one of these groups than to the other? Would there be any difference in the importance of motivators?
3. Using Figure 12–7 as a point of reference, what recommendation would you make regarding how to motivate the personnel in London? In Tokyo? Are there any significant differences between the two? If so, what are they? If not, why not?