The Impact of Cultural Conflicts on Motivation of Employees in American Corporations in China

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Abstract

With the acceleration of globalization and the integration of the Chinese economy into the global economy, more and more multi-national corporations have flooded into China. They usually bring with them management theories and practices that are ingrained in their original culture. Literature has indicated that often their original management practices do not transfer well to foreign locations, undermining effectiveness and productivity because cultures vary from country to country. How to stimulate employees' motivation has been one of the thorniest issues in management. This indicates a pressing need for multinationals to be equipped with the knowledge of the Chinese culture, especially Chinese work values to best motivate their employees. This paper endeavors to contribute to an understanding of employee motivation practices and the conflicts in American companies in China in comparison with existing practices in the West from the cultural perspective based on three out of Hofstede's five cultural dimensions and Alderfer's ERG model. Final recommendations for managers and leaders of U.S.-based companies are presented. The paper indicates that the human resource strategy of foreign enterprises should clearly reflect consideration of well-defined rule enforcement, material rewards, and objective incentives which are appropriate for the Chinese situation. Actions like building a harmonious working environment and long-term relationship through identification with the corporation, and using model incentives to motivate employees should be taken.

Keywords

cultural conflicts; employee motivation; American corporations in China.

1. Introduction

 Since the economic reform began in 1978, China's Gross Domestic Product has sustained double digit annual growth over the last decade. Such increasing internationalization of China's business has heightened the pursuit of understanding of how to stimulate Chinese employees. As it turns out, many of the problems and failures of foreign companies in China have been associated with problems in the area of human resource management and particularly in performance motivation and staff retention. To motivate effectively the Chinese employees it is essential for American managers to take into consideration the distinctive characteristics of Chinese culture.

Although extensive intercultural research has been conducted on the organizational behavior and managerial practices, little work has been done on the impact of cultural conflicts on motivation of employees. This paper endeavors to contribute to an understanding of employee motivation practices in American companies in China in comparison with the existing practices in the West.

The objective of this study is to investigate whether Western motivation methods apply equally to the Chinese employees in American corporations in China by comparing the motivation methods in U.S.-based corporations and domestic companies with distinctive characteristics of

Chinese culture and American culture taken into consideration; meanwhile, the paper gives some guidelines on foreign companies doing business in China.

2. Literature Review

2.1. Hofstede's Cultural Dimensions

In his well-known and widely-accepted model of national cultures, Geert Hofstede introduced four dimensions that have been used extensively in national culture research. These dimensions, which are to be seen as continuum, are as follows: power distance, uncertainty avoidance, individualism versus collectivism and masculinity versus femininity. In his later study with Bond on twenty-three countries, Hofstede added a fifth dimension that sought to describe a long-term orientation in life as opposed to a short-term orientation. However, this paper mainly focuses the following dimensions.

2.1.1. Individualism Versus Collectivism

This dimension focuses on the degree to which the society reinforces individual or collective achievement and interpersonal relationships. A high individualism ranking indicates that individuality and individual rights are paramount within the society. Individuals in these societies may tend to form a larger number of looser relationships. A low individualism ranking typifies societies of a more collectivist nature with close ties between individuals. It is manifested in a close and committed member group, be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount.

2.1.2. Uncertainty Avoidance

The Uncertainty Avoidance Index focuses on the level of tolerance for uncertainty and ambiguity within the society. It refers to the extent to which the members of a culture are made nervous or feel threatened by unknown or ambiguous situations. In his book, Cultures and Organizations: Software of the Mind, he mentions that uncertainty avoiding cultures are characterized by acceptance of familiar risk but not of ambiguous situations, expectations that authorities have right answers, and resistance of deviancy [1].

2.1.3. Power Distance

The Power Distance Index focuses on the degree of equality, or inequality, among people in the society. Generally speaking, the index for power distance describes the emotional distance that separates superiors from subordinates.

2.2. Alderfer's ERG Theory

To bring Abraham Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms called "ERG Theory of Motivation." He recategorized Maslow's hierarchy of needs into three simpler and broader classes of needs:

2.2.1. Existence

This includes the need for basic material necessities. In short, it includes an individual's physiological and physical safety needs [2].

Physiological needs: These are the needs of the human body, including the need for food, water, sleep and sensory gratification [3].

Safety needs: Safety needs include the desire to be free from danger and environmental threats.

2.2.2. Relatedness

This includes the aspiration individuals have for maintaining significant interpersonal relationships, getting public fame and recognition [2]. Maslow's social needs and external component of esteem needs fall under this class of need.

Social needs: This set of needs, sometimes referred to as "belonging needs" or "love needs," refers to the necessity of giving and receiving human affection and regard [3].

Esteem needs: Esteem needs refer to the desire of individuals to feel a sense of achievement and accomplishment. Esteem needs can be divided into external esteem, achieved through public recognition and attention, and internal esteem, achieved through a sense of accomplishment, confidence, and achievement [3].

2.2.3. Growth

This includes the need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need [2].Maslow characterizes this need as the desire to "become more and more what one is" and "to become everything that one is capable of becoming" [2].

2.3. Culture and Motivation

Cultures differ strongly on what motivates individuals. Motivation is vey much subject to the context of a person's work and personal life. That context is greatly influenced by cultural variables, which affect the attitudes and behaviors of individuals on the job. Cultural characteristics influence the ways managers behave in relation to subordinates, as well as the perceptions of the appropriateness of various motivation practices. In a word, motivation is culture bound.

3. The Impact of Cultural Conflicts on Motivation of Employees in American Corporations in China

3.1. Employees' Needs

To explore how culture shapes people's perceptions on motivational factors, we'd better understand some basics of Chinese and American values and beliefs. Traditional Chinese culture is widely considered to be built upon a value system crystallized in Confucianism. The major characteristics of Chinese culture can be summarized as: Confucian ethics, stressing on the harmony between nature and human beings and rule-based, adaptive and harmonious interpersonal relationship, so Chinese employees need economic rewards, a centralized authority, stability and a harmonious relationship with their fellow colleagues. The United States has the following dominant cultural patterns: individualism, equality, materialism, progress and change, work and leisure, and competition. Correspondingly, individual goal actualization, economic rewards, autonomy, leisure, and challenging work are what they want.

3.1.1 Chinese Employees' Needs in China

(1) Existence

Economic Rewards

Since 1978, bonuses according to experience have come to be relatively accepted, and the government has promoted the idea that "It is glorious to be rich." Today, with an end to the security of the "Iron Rice Bowl," increased variability in income, high inflation in the early 1990s, and strong competition for qualified employees by foreign companies in major cities, employees may see good wages as being an extremely important and attainable job attribute.

Stability

Chinese people have an urge to work hard and an emotional need for rules (and taboos), and a fear of what is different, experts are very important and there is a desire for certainty and intolerance of alternative ideas. People also prefer a stable job. They feel safe and proud when they keep working hard at one place. And employees would like to be worked within groups rather than independently because of the less risk taking.

(2) Relatedness

Harmonious Working Environment

In general, China is a collective society with a need for group affiliation, whether to their family, school, work group, or country. In order to maintain a sense of harmony, they will act with decorum at all times and will not do anything to cause someone else public embarrassment. The group is seen as the most important social entity. Individual self-esteem is related to the success of the group. Employees in traditional Chinese enterprises expect their managers to take care of their needs, and to be gentle towards them.

(3) Growth

Authoritative Leadership

Generally speaking, the Chinese society has a hierarchical structure resulting from Confucian ideas about the proper order of life and society. In China, formal hierarchy is important and necessary for success. People believe in the "expert role," that is, the boss is always correct and clearly has authority over subordinates.

Group Goals and Promotion

Collectivistic cultures emphasize cooperation, interdependence, and group goals, and thus prefer plans that support group harmony [4]. The Chinese believe that the sense of belonging to the group and devotion to the group is important. They hold the view that one's success is mainly based on group work, so one cannot claim the reward just for oneself. In that case, the equality principle is reflected in the motivation system.

In terms of promotion, one's political quality, background, and interpersonal relationship are given primary consideration.

3.1.2 American Employees' Needs in America

(1) Existence

Economic Rewards

For most Americans, "materialism has always been an integral part of life. It is considered almost a right to be materially well off and physically comfortable, and people are often judged by their material objects" [5]. As work is of great significance for most Americans, there is usually a close relationship between the job a person has and the level of the person's income. "Americans tend to measure a person's success in life by referring to the amount of money he has acquired and to the title or position he has achieved" [6].

(2) Relatedness

Leisure

A major reward of hard work as well as an important American value is leisure. For Americans, play is something they have earned. It is relief from the regularity of work; it is in play that they find real joy. This emphasis on recreation and relaxation takes a variety of forms. Each weekend people rush to get away in their recreational vehicles, play golf or tennis, go skiing, ride their mountain bikes, or "relax" at a gambling casino [5].

(3) Growth

Promotion and Interesting Work

Interesting work is quite important to US employees at present, and promotion and growth are moderately important. Perhaps Americans place great importance on progress and change more than any other people. From changing themselves with the assistance of self-help gurus, to changing where they live at a faster rate than any other people in the world, they do not value the status quo.

Participatory Management

In America, hierarchy is less important and definable, and there is a belief in flat organizations with clear roles. Employees think the boss plays a problem-solver role. Such culture is task-oriented. Moreover American employees prefer informality in their interactions with the boss.

In America, people believe in their own decisions and are responsible for the consequences; they try to find the direct answers towards all kinds of problems; finally, they prefer the broad guidelines and information because from their perspectives, nobody can predict any uncertainty, and they will work the problems out in their own ways.

Individual Goals

The primary orientation tends toward the individual self-interest rather than that of others in America. In other words, an American tends to assert his or her own goal rather than accommodate others and seeks a relatively high degree of independence.

3.2. Conflicts of Motivation Methods Employed in Chinese Companies in China and American Companies in China

To satisfy the existence and relatedness needs of employees, companies use material incentives and emotional incentives respectively. In addition, growth needs are met by ability motivation and achievement incentives.

3.2.1 Material Incentives

(1) Remuneration

In American, great emphasis is placed on individual achievement and Americans expect to achieve success only by their individual efforts. They value competition, achievement, and personal goals, and desire to have plans that recognize individual contributions. They generally see success as contingent upon their own efforts, so they prefer "pay for performance" systems which imply that an individual is solely responsible for what he has accomplished even though he may have had help from others. They consider this system as an effective means to motivate employees. The talents and job performance of employees will be considered first by their superiors for salary increases and promotion. In China, remuneration according to their knowledge means to dispatch salary according to their expertise. According to this rule, employees will receive their salaries from the basic one to the highest level depending on their expertise. This method relates remuneration with their knowledge and shows a person's status and past achievement.

In American culture, staff payment assessment is a "bidirectional communication," through which managers and employees can identify their problems. It's not a superficial test but further applied in employees' career development. In China, the assessment is only made by managers when the employee does not have the chance to raise a question. The result is neutral without much credibility.

(2) Welfare Packages

This is seen as necessary. The provision of housing in state companies causes problems when foreign companies do not provide housing. By moving to a foreign company, employees lose their houses. There is, therefore, pressure on foreign companies to provide housing or an associated benefit. Chinese companies usually provide their employees with housing fund.

3.2.2 Emotional Incentives

(1) Working Environment

Great efforts have been put into improving the external working conditions of American companies in China. Chinese managers may initially focus more effort on building social and interpersonal relations before entering into business or contractual relationship. They would like to spend time developing and maintaining "guanxi" during the process of interaction and consider it as a prerequisite to do business. In contrast, American managers may encourage their group members to learn from each other, to focus on task rather than on social and

interpersonal relations, and to build the confidence required for superior performance [7]. They place a much higher importance on the task or business deal and hope to focus very quickly on specific business matters. They are achievement oriented, that is "work first."

Western companies have an impressive list of company organized activities, including sports, dancing, birthday parties, annual staff parties, events with relatives, and seminars. They do not think establishing personal relationship is necessarily involved in the work. For instance, Kodak has established a member club organizing colorful activities to help employees relax as well as improving their cohesive force, such as swimming, badminton, and football, etc. Also, some outdoor activities like spring outing and autumn outing give the employees a chance to keep in touch with nature.

(2) Labor Relation

American companies will sign a short-term contract with employees not involving too many obligations, which is in accordance with the market mechanism [8]. American managers regard employees who can seek a good job in the job market as outstanding staff with high market value. They want to maximize the profit and optimize the personnel. Chinese workers tend to sign a long-term contract with employers.

3.2.3 Ability Motivation

(1) Staff training

These two cultural management styles aren't different seriously in this area. Chinese managers pay more attention to the training process while Americans focus on the result. In both management systems, staffs are satisfied with the training. However, we discover that American managers are more interested in improving production efficiency so they are more likely to give guidance on production techniques than managerial skills.

(2) Job Content

American employees are satisfied with the intrinsic job content, challenges, and opportunities to have a sense of achievement in the workplace. A challenging job design is not suitable for a Chinese employee because of the risks involved.

3.2.4 Achievement Incentives

(1) Objective Motivation

Chinese managers tend to set up group objectives while Americans are likely to pursue individual goals. Chinese attach great importance to the companies they belong to. Sometimes they think their working places as a "family." For instance, once an American employer gave three out of five employees bonus, the next day all of them quitted their job since that means all of them did their work badly. Chinese companies motivate groups to raise their sense of collectivism.

Independency, democracy, and equality are distinguishing features of American culture. Americans highly emphasize on equality. Once they find their income lower than their colleagues in the same position, they will be enraged and not work hard. Americans are used to seek honors individually. They expect motivations if they have achievements. If not, they will not have expectations.

(2) Setting a Model

In China, it is generally seen as important that the supervisor or manager should set a good example for employees, although this is not viewed particularly as a general policy. It is seen more importantly in motivating employees to do the job as often when the boss is away, employees are reluctant to work. Giving excellent employees honorary title properly will boost a sense of satisfaction, honor, and acknowledgement. However, Americans don't care others' business, they seek honors individually.

(3) Participation Incentives

Western countries believe that a person has his or her individual right and a legitimate power to protect his or her private property. The belief has been deeply rooted in western organizational structure. According to Martinsons and Westwood, in most western organizations, any decision-making in the system does not depend on its top managers or owners, instead, on a rational and impersonal set of rules with a well-defined purpose [9]. Staff assessment is a bidirectional communication, through which managers and employees can identify their problems. It's not a test superficially but further applied in employees' career development.

In China, People think group discussion is a better way to solve problems than individual answers: they prefer the detailed and clear instructions whenever solving problems or following orders. People believe"expert role," that is, the boss is always correct and clearly has authority over subordinates. So it's the employer that is to give orders. Staff assessment is only made by managers when the employee does not have the chance to raise a question. The result is neutral without much credibility.

(4) Promotion

In America, performance, namely revenue, output, quality, cost, and efficiency, is closely related to promotion. In China, a promotion decision needs to be discussed through the group and "guanxi" takes much account in the process.

3.3.   The Root of the Conflicts

3.3.1 Individualism Versus Collectivism

The method of distributing pay to motivate employees depends on cultural values [10]. As Greenberg stated, employees can be rewarded according to their performance on equity principle, or based on their needs on equality principle [4]. In general, the equity principle is common in individualistic cultures while the equality principle is widely used in collectivistic cultures.

The basic distinction between collectivism and individualism is based on three aspects. Except the one above, another is the difference the relationship between individuals and managers. In individualistic society, the relationship between employer and employee is primarily conceived as a business transaction. Poor performance on the part of the employee or a better pay offer from another employer is legitimate and socially accepted reasons for terminating a work relationship [1]. While Western managers are likely to believe that there should be a separation between their work and personal lives, the Chinese seek and expect friendships to develop between managers and workers. Chinese workers attach great importance to collectivism.

Another is that personal and communal goals are not aligned in individualism but closely aligned in collectivism. In individualist society, employees are expected to act rationally according to their own interest, and work should be organized in such a way that this self-interest and the employer's interest coincide. In collectivist society, cooperation is given priority over individual interests, and efforts and contributions are directed towards the collective good rather than towards personal benefits and self-recognition. Social relationships and group welfare overweigh individual needs and desires.

These three may account for the great difference in motivation systems generally preferred by American companies and Chinese companies.

3.3.2 Uncertainty Avoidance

The differences in job content, labor relation, welfare packages, and the preference of orders are in consistent with uncertainty avoidance dimension.

In low uncertainty avoidance culture like the US, the employees prefer broad guidelines and information because from their perspectives, nobody can predict any uncertainty, and they will work the problems out in their own ways. They are prone to be risk takers. For them, autonomy

is crucial to achieve a sense of self-worth. These inclinations reveal self-centeredness and the essence of the American style of work—enlightened self-interest. In this way, they are ready to be motivated through a challenging job design. They do not care about working with strangers or acquaintance. What they care about is the final results. The employees' relationships with the company are impersonal. They are ready to move on when the business no longer serves their needs, so companies in western countries will sign a short-term contract with employees not involving too many obligations.

China is a highly uncertainty-avoiding society. Accordingly, people try to minimize uncertain factors. They feel uncomfortable staying with strangers but comfortable working with familiar persons. Chinese people hold a strong belief in specialists and expertise. Chinese employees show strong loyalty to employers and desire a long duration of employment, so do they need a welfare package that gives them a sense of stability. Conception of management is highly formalized and hierarchical control role appeals. Subordinates prefer precise and detailed instructions from their superiors.

3.3.3 Power Distance

The difference of power distance is exemplified in payment, promotion assessment, participatory motivation, and the usage of a model to incent staffs.

One of American culture characteristics is low power distance. Privileges and status symbols for managers are often frown upon. In the workplace hierarchy means an inequality of roles. There are a small proportion of supervisory personnel. The ideal boss is a resourceful democrat, seeing himself as practical, and relying on support. Consultative leadership leads to satisfaction, good performance, and productivity from subordinates. Participatory management is motivational in many Western organizations because it supports the culturally espoused values of democracy and individual expression of opinion. That is to say, employees prefer participating in decision-making, payment, and promotion assessment.

China has remained basically a hierarchical society. Hierarchy in organizations reflects the existential inequality between higher-ups and lower-downs. Superiors are gained respect by virtue of ranks. People automatically defer to those above them. The ideal boss is a well-meaning autocrat or good father and sees himself as benevolent decision-maker. Since leaders are perceived as the parent of the group or organization, a certain amount of autocratic management is accepted or even expected by employees, because authoritarian control is a legitimate parental attribute. In this way, the leader himself or herself is a model for his or her subordinates. Authoritative leadership and close supervision lead to satisfaction, performance, and productivity.

3.4. Implications for American Companies doing Business in China

Factors such as the social trend, the change of human resources, the company's strategy, the company's development stage and the host country's policies have to be taken into account when companies establish motivation strategies. However, the author explores the implications from the perspective of culture.

3.4.1 Material Incentives

Structural reward systems should include a loyalty element which conveys the sense of belongingness and reflect seniority rather than directly address an achievement motive which may not be as relevant as in the Western setting. Welfare packages should contain provision such as housing allowances. Additional human resources practices should ensure that money is commensurate with an employee's standing in the organization, as this may well be seen as a measure of success for individuals and for their families.

When deciding the proportion of basic salary and welfare, American companies need to take traditional Chinese culture into account. In terms of uncertainty avoidance, Chinese people may

need more security and less mobility compared with American counterparts, so many of them want the company to solve their housing problem. In this sphere, Motorola built houses for its employees in 1995, and IBM launched a housing fund subsidy programme similar to Chinese state-owned enterprises. Employees who work in the company for more than two years will get 750,000 yuan subsidy. This welfare in turn prolongs the employee's physiological contract with the company.

3.4.2 Emotional Incentives

Generally Chinese workers are used to a lower standard from state-owned companies and tend to have low expectations of working conditions. Therefore, air conditioning, for example, is believed by one company not to be overly important. There is also a view that Chinese employees expect a European working environment if working for a European company, and therefore expectations are generally high. In this vein, the availability of computers is used in one company to feed the perception by Chinese workers of computers as a symbol of status. This may also be seen as a mechanism to enhance identification with a foreign company.

More emphasis should be put into building a harmonious working environment and interpersonal relations before entering into business or contractual relationship, spending time developing and maintaining "guanxi" during the process of interaction. Focusing on team working may be more productive than getting too hung up on job enrichment programmes because these seem to have only limited success when Chinese employees focus less on individualistic values.

Labor relation should reflect stability, which means American companies had better maintain a long-term relationship with employees. The relationship between staffs and companies should be regarded as more than a contract relationship.

3.4.3 Ability and Achievement Motivation

Organizational rules and procedures should be well documented and communicated in order to reduce risk and ambiguity. This should provide a strong element of security for employees by informing them of rules of conduct, the parameters and scope of their jobs, and expectations in terms of performance and quality. This manifests a need to offer employees defined roles and rules, and clear job descriptions as well as clear instructions for specific tasks in human resource practices. As confidence levels grow alongside experience in a foreign company, participation in the decision-making process could produce high levels of motivation, for carefully selected employees.

The "loyalty" element should also be contained in objective motivation. Loyalty in a collectivist culture is paramount. The society fosters strong relationships where everyone takes responsibility for fellow members of the group. A Chinese employee expends efforts at work not only because of the instrumental attractiveness of the job, but also because of his or her moral commitment to fulfilling a duty at work and to contributing to collectivity.

Focusing on developing role models is significant since supervisors gain standing in the organization by representing the values and practices of the organization. For example, foreign managers should work hard and not be late for work when expect Chinese employees to copy their positive behavior.

4. Conclusion

4.1 Summary of the Findings

This paper endeavors to contribute to an understanding of employee motivation practices and the conflicts in American companies in China in comparison with existing practices in the West from the cultural perspective. As traditional ways of managing local workforces in foreign

locations may benefit from adjustments to the local national culture and specific work values typical to it, well-defined rule enforcement, material rewards, and objective incentives including the loyalty and belongingness element, building a harmonious working environment and long-term relationship through identification with the corporation, and using model incentives to motivate employees can be useful for American companies in China.

4.2 Limitations

The paper provides a partial model for understanding motivational issues within the Chinese context and through this the author has provided suggestions for how companies may tackle the problems of motivation. There are two problems with providing firm advice to managers within this context. First, China is a complex country and difficult sometimes for outsiders to comprehend. Second, China is in transition and constantly changing. China comprises 9.6 million square kilometers with huge differences between north and south, between coastal and inland regions, between urban and country areas and so on. What pertains in one area may not be the case in another.

4.3 Suggestions for Future Studies

It is hoped that the current study will provide a useful starting-point both for Western managers who are confronted with the issues of managing a Chinese workforce, and for researchers who wish to further examine and verify the findings within this study. It is important that the weaknesses within this study are identified. A further study among Chinese employees in order to get their views on motivational practices would be desirable in order to further validate the findings.

Acknowledgements

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