

Taking on the Chinese Challenge

Motivating Chinese employees at Swedish companies in China

Abstract

The number of Swedish companies is increasing rapidly in China. Previous studies indicate that work motivation is one of the major obstacles foreign companies are facing in China, as work motivation plays an important role for a company's success. The purpose of this thesis is to shed some light on the employee motivation issues in the Chinese context and the related leadership challenges which the growing number of Swedish companies are facing in China. Empirical data is primarily collected from qualitative interviews with managers and non-managerial employees at five Swedish companies in China. The results suggest that interesting work and promotion & growth are the most important motivational factors for Chinese employees at Swedish companies in China. A pattern of diverging views between managers and non-managerial employees is found and discussed. Some specific successful features of how Swedish organizational culture and leadership style effect motivation are presented and the need for adaptation to the Chinese context is discussed. Finally, it is suggested that Swedish managers should take the complex mindset which the new generation of Chinese employees has into consideration when working with employee motivation in China.

Key words: employee work motivation, motivational factors, China, organizational culture, leadership

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TABLE OF CONTENTS

ACKNOWLEDGEMENTS	II
TABLE OF CONTENTS	III
1. INTRODUCTION.....	1
1.1. NEW OPPORTUNITIES – NEW CHALLENGES	1
1.2. PURPOSE AND RESEARCH QUESTIONS	2
1.3. DISPOSITION.....	2
2. METHODOLOGY.....	3
2.1. DELIMITATIONS	3
2.2. CHOICE OF METHOD.....	3
2.1.1. <i>Interview format</i>	4
2.1.2. <i>Interview guide design</i>	4
2.2. CHOICE OF SAMPLE	5
2.2.1. <i>Choice of Organizations</i>	5
2.2.2. <i>Choice of Interviewees</i>	5
2.3. DATA ANALYSIS	6
2.4. RESEARCH QUALITY	6
2.4.1. <i>Reliability</i>	6
2.4.2. <i>Validity</i>	7
3. THEORETICAL OVERVIEW.....	8
3.1. WORK MOTIVATION	8
3.1.1. <i>Needs</i>	8
3.1.2. <i>Goal-setting and Feedback</i>	9
3.1.3. <i>Motivational factors</i>	9
3.2. CULTURE AND LEADERSHIP.....	11
3.2.1. <i>Organizational culture</i>	11
3.2.2. <i>Leadership</i>	12
3.2.3. <i>Chinese and Swedish culture</i>	13
3.2.4. <i>Integrating work motivation, organizational culture and leadership</i>	14
4. EMPIRICAL MATERIAL	15
4.1. OVERVIEW	15
4.2. COMPANY CASES	15
4.2.1. <i>SKF</i>	15
4.2.2. <i>Atlas Copco</i>	18
4.2.3. <i>Volvo</i>	20
4.2.4. <i>Elektroskandia</i>	22
4.2.5. <i>EF</i>	25
4.3. SUMMARY OF RESULTS	27
4.3.1. <i>Top-ranked motivational factors</i>	27
4.3.2. <i>Summary of motivational factors from managerial interviews</i>	28
4.3.3. <i>Summary of motivational factors from non-managerial interviews</i>	29
4.3.4. <i>Overview of top-five motivational factors</i>	29
5. ANALYSIS AND DISCUSSION.....	30
5.1. COMPANY CASE ANALYSIS	30
5.1.1. <i>Work Motivation</i>	30

5.1.2. <i>Other motivational factors</i>	34
5.1.3. <i>Organizational Culture & Leadership</i>	34
5.1.4. <i>A pattern of diverging views</i>	36
6. CONCLUSION AND IMPLICATIONS	40
6.1. RESEARCH QUESTION 1.....	40
6.2. RESEARCH QUESTION 2.....	41
6.3. RESEARCH QUESTION 3.....	41
6.4. THEORETICAL IMPLICATIONS.....	41
6.4.1. <i>Work motivation</i>	41
6.4.2. <i>Culture and Leadership</i>	42
6.5. APPLICABILITY OF THE STUDY	42
7. FURTHER RESEARCH	43
8. REFERENCES	44
9. APPENDICES.....	51
9.1. APPENDIX 1- INTERVIEW GUIDE	51

1. Introduction

1.1. New opportunities – new challenges

“As economic borders come down, cultural barriers go up, presenting new challenges and opportunities in business.” (Doug Ivestor, former CEO of Coca-Cola Corporation)

The Chinese economy is growing in a rapid pace. China has become an extremely attractive country to establish business in. More and more Swedish businesses are establishing operations in mainland China in order to gain access to its large domestic market, low-cost production and sourcing opportunities. A report conducted by Swedish Trade Council shows that Swedish business community in China is in a rapid expansion phase, and that the investment and local employment are growing quickly (Swedish Trade Council, 2006).

According to *China Survey 2007*, the number of new Swedish companies entering the Chinese market was all-time-high in the period 2006-2007 (SEB & Swedish Trade Council, 2007). This means that one new Swedish company - with no previous establishment in China - enters the country every 4th day. Companies with previous establishment in China are also growing by geographic expansions within the country. Nevertheless, far from all companies are proved to be successful in China. There are indications that productivity has been a problem in China, albeit the rapid economic growth (Jackson & Bak, 1998). The new wave of Swedish companies in China represents new opportunities, but also new challenges.

Due to the increasing degree of globalization, different forms of standardization have become very common. Questions such as whether multinational enterprises should implement a universal Human Resource strategy or not arise. Although the global values are converging thanks to the development of technology, countries may still differ in terms of cultures. From a managerial point of view, operations in China run into many difficulties including communication, collaboration and cross-cultural differences. Previous studies have indicated large differences in communication practices, initiative taking, respect for authority and treatment of information. Human resource management related issues, particularly work motivation and retention, are identified as one of the major obstacles when doing business in Greater China (Child, 1994; Henley & Nyaw, 1990; Swedish Trade Council, 2005; Wang & Satow, 1994). The fact that Chinese employees are used to a traditionally un-empowered and hierarchical culture is likely to exacerbate the problem of work motivation. Extensive studies have been conducted within the area of strategic Human Resource Management and in particular employee work motivation. However, most of the previous studies are based on Western management practices and U.S. ideals, missing the large cultural differences in the Chinese context. Many researchers question whether management theories developed in the U.S. could be applied universally, and suggest that motivational factors differ between different cultures (Hofstede, 1980a, 1983; McClelland, 1961). While Chinese and Western values are converging, it is nevertheless naïve to believe that Western companies can enter China with the same motivational techniques which have proved useful back home (Jackson & Bak, 1998).

Work motivation is generally viewed as employees' attitudes towards their jobs and one of the main reasons behind some individuals' durable high performance at work. Employee work motivation plays an important role for the success of a company: “A company's financial success highly correlates to the motivation level of its employees, as proved by large bodies of research. When a company possesses the right factors for motivating its workforce, the most capable employees are attracted to it, and once on board, they'll enthusiastically use their talents and abilities to make the company successful.” (Barretta, 2008) The challenge of motivating Chinese employees is reported in many studies, indicating the severe nature of the problem. Researchers argue that there is a lack of sensitivity by Western managers on human resources issues and little understanding of motivational factors in the Chinese context (Jackson & Bak, 1998). Companies that enter China without

understanding the importance of appropriate management strategy risk failing. As the importance of the Chinese market is increasing rapidly, there is an urgent need of more research within the area of work motivation in China.

1.2. Purpose and Research Questions

The main purpose of this thesis is to shed some light on the employee motivation issues in the Chinese context and the related leadership challenges which the growing number of Swedish companies are facing in China. The thesis aims to further develop understanding of how different actors within a Swedish organization based in China perceive employee motivation, identify management techniques and organizational features that are viewed as key measures in improving work motivation, in order to help companies achieve long-term success. The thesis will look into how Swedish companies can work to foster employee motivation in China, a traditionally hierarchical and un-empowered culture. Further, the thesis attempts to increase understanding of the ongoing work and management techniques to enhance employee motivation, how this is perceived by local employees and what all involved parties see as the benefits and disadvantages of encouraging such a company culture. By examining what organizational features and management practices are used in improving motivation, I hope to contribute to the improvement of understanding in Swedish management in China.

In light of this, the thesis aims to answer the following research questions:

R1) *Which are the most important factors for motivating Chinese employees at Swedish companies in China?*

R2) *Which characteristics of organizational culture enhance employee work motivation in China?*

R3) *Which characteristics of leadership style enhance employee work motivation in China?*

The thesis will primarily focus on research question 1 as it deals with the main purpose of the study. As research suggests that there is a strong link between organizational culture, leadership and work motivation, I consider these issues imperative in this context and hence include research question 2 and research question 3 in this study.

To sum up, contribution from the thesis aims to be within two key areas:

C1) Increased understanding for the view on motivation in China from the perspective of managers and non-managerial employees within these organizations, its perceived upsides and downsides, as well as looking at the similarities and differences in their views.

C2) Identification of successful management techniques in enhancing employee motivation in China.

In order to answer the research questions and make contributions to the areas above, five Swedish companies with operations in China were studied through case-studies on multiple organizational levels, i.e. both managerial and non-managerial positions. In order to obtain comparable data, all companies in this study have more than 100 employees in China. The research questions will be studied from both the managers' and the non-managerial employees' perspectives, with the purpose of better understanding the management practices and their effects in China. Note that managers' view on employee motivation refers to managers' view on *what their employees want*, not what motivates themselves.

1.3. Disposition

In the next chapter, the methodology used to conduct the case-studies and the data analysis is introduced, and the research quality is discussed. The existing theories are presented in Chapter 3, in order to provide the reader with better understanding of the current research within this area and the potential link between existing theories and empirical data, which is presented in Chapter 4. In Chapter 5, the empirical findings are analyzed and the most interesting results are further discussed. Subsequently, conclusions are drawn and implications are presented in Chapter 6. Finally, suggestions of future research are given in Chapter 7.

2. Methodology

In this chapter, the research methodology is presented. The choice of method, sample, organizations and interviewees are discussed, as well as the approach of data collection, data processing and the overall quality of the research.

2.1. Delimitations

Work motivation is an extremely complex area and difficult to measure due to the fact that it involves many different research fields such as psychological, economic and managerial research. The number of possible motivational factors companies can take to increase work motivation is measureless. In order to reach the goal of improving the understanding in work motivation in China, a comprehensive literature review was conducted. Formal and informal discussions with people engaged in this area were very helpful at identifying key areas where companies can influence employee work motivation in the Chinese context. After an extensive pre-study, the purpose and specific research questions were formed during discussions with my advisor. Within the scope of the thesis, the study is delimited to look at three areas: 1) the most important motivational factors in China; 2) organizational culture that enhances work motivation; 3) leadership style that enhances work motivation. It should be noted that the aim of the thesis is not to identify all possible motivational factors and conducting a thorough study on the relationship between organizational culture, leadership style and work motivation. Instead, the study focuses on identifying key motivational factors for Chinese employees at Swedish companies in China at the moment, and attempts to make some contributions to the understanding of the interplay between the three dimensions motivation, culture and leadership.

2.2. Choice of Method

There are two different theoretical approaches when conducting social sciences research, connecting theory with the empirical findings, namely *deductive* and *inductive methods*. In a deductive approach, the researcher first starts by formulating one or several hypotheses from the existing theories in the specific research area. These hypotheses are subsequently tested against the collected empirical data for review. The inductive approach, on the other hand, means that theory is derived from collected empirical data. Here, the empirical data is the starting point and give arise to a formulation of theory. Inductive and deductive methods can be seen as representatives for two different extremes (Bryman, 2002; Patel & Davidson, 2003; Rienecker & Jörgensen, 2002). A third method, the *abductive method*, can be seen as a method containing features from both the inductive and deductive methods (Alvesson & Sköldberg, 2008). Applying the abductive method means that the researcher takes part of existing theories in the empirical data collection process. In this thesis, an abductive approach is arguably the most appropriate method since new theories need to be derived for the particular Chinese context based on existing theories, and conclusions are ideally derived from both existing theories and empirical data, switching between inductive and deductive methods.

A number of previous studies and theories were studied before conducting the empirical data collection in this study, in order to increase understanding in this specific research area and find relevant areas to work with. The design of the case-studies, interview questions and delimitations in this study are inspired by previous researches, in order to inject new knowledge into this area and conduct the research efficiently. Thus, an abductive approach has been employed in this study, based on the fact the result of this study is driven by the empirical findings, and that previous theories are involved in an early stage of the research process.

In this thesis, a comparative *case study approach* is used in order to identify the key motivational factors and efficient company practices. Case-studies can involve either single or multiple cases, as well as numerous of levels of analysis (Yin, 2003). Case-studies can provide detailed explanations which survey methods usually miss out, leading subsequently to new insights which have not been considered previously (Eisenhardt, 1989; Yin, 2003). Further, case-studies are useful for generating theory (Eisenhardt, 1989). Due to the lack of existing theories and studies within this area, case

studies are arguably most useful for the purpose of this thesis (Yin, 2003). Five in-depth case studies are produced based on interviews within selected larger Swedish-Chinese organizations. The empirical data are collected from qualitative interviews with members at multiple levels of the organizations.

In determining the most suitable methodology for conducting this research, the choice was made to go with *qualitative interviews* rather than quantitative approaches such as questionnaires. Limited research has been conducted within the area of work motivation in China, thus the research area is yet relatively unexplored and the motivational factors not defined. Using quantitative surveys measuring some selected motivational factors would prevent the work motivation variables in China to be fully reflected and risk missing the nuances of the results. As the research demands understanding of people's views and attitudes, which are often complex and multidimensional, survey questionnaires will not easily capture these aspects (Becker & Bryman, 2004). Furthermore, qualitative interviews can be seen as better in bringing out and capturing the issues of importance to the interviewee, as opposed to the interviewer, and that interviewing would allow more room for explanations from the interviewees, create more trust and room for open discussion as well as minimize language barriers and other possible errors. Using a qualitative approach also helps to observe and reveal the interviewees' behaviour, opinions and values, subsequently improving the understanding in the reasons behind their answers (Bryman, 2006). Thus, a qualitative approach best captures all aspects of the topic and is arguably more appropriate for the purpose of the thesis.

2.1.1. Interview format

To allow for greater comparability between samples, interviews were based around, but not strictly held to, a standardized interview guide, organized around key areas of interest. The guide can be found in Appendix 1. Its design is discussed further in section 2.1.2. However, the interviews conducted are *semi-structured*, employing open-ended questions. Semi-structured interviews provide the interviewer freedom to make adjustments to the guide, such as changing the order in which the questions are asked, adds new questions which are relevant to the particular interviewee, as well as extends or reduces the amount of time dedicated to diverse topics, providing room for individual reflections and interpretations (Bryman, 2006).

Interviews were generally held between 30 minutes to one hour and conducted face-to-face in Chinese, English or Swedish. The language was chosen by the interviewees, who chose to speak the language they felt most comfortable with.

2.1.2. Interview guide design

Protocol questions were designed to start on general management and motivation topics to find out attitudes towards motivation in a larger context, before moving into more in-depth to work motivation, culture and leadership topics.

Eisenhardt (1989) suggests that investigators should ideally formulate a research problem and specify some potentially important variables with some reference to extant literature in theory-building research. It should be noted, however, that investigators should avoid thinking about specific relationships between variables and theories as much as possible, in order to prevent predetermined theoretical propositions to bias and limit the findings. This framework is followed throughout the interview guide design and the data analysis process.

The question sets in the interview guide are constructed based on academic sources in order to increase the reliability. Particularly the questions set 1a) including ten motivational factors are based on factors investigated in a survey from 1946 conducted by the Labour Relations Institute of New York- one of the first surveys addressing the challenge of employee motivation (Wiley, 1997). The survey is later replicated several times by other researchers in different points of time (Hersey & Blanchard, 1969; Kovach, 1980, 1987; Wiley, 1997). Through a careful review of motivation theories and previous studies, the motivational factors in these four surveys are found to be both comprehensive and relevant to the aim of this thesis. Without limiting for identifying new

motivational factors for the Chinese context, these motivation factors are used as a take-off point in this study. These motivational factors are described in Chapter 3.

2.2. Choice of Sample

For the study it was decided a minimum of four organizations should be used to conduct interviews within, and within each organization a number of individuals on different levels would be interviewed. In the following sections these selections are discussed further.

2.2.1. Choice of Organizations

Limitations imposed on the choice of organizations were the following:

- (i) Must have operations in mainland China
- (ii) Local organization must consist of at least 100 employees
- (iii) Organization should define itself as Swedish, legally or otherwise

The choice was to exclude Greater Chinese Special Administrative Regions to limit cultural variables, and to exclude smaller organizations as these allow for wholly different types of management and control that would often not be applicable in larger organizations. The final criterion is more arguable. It was the basic presumption of the study that the relationship between foreign management and local employees in China would be evaluated. But how then to define what is a non-Chinese organization when it de facto and de jure is in China? It is my belief that of greatest relevance here is not legality or nationality as such, or ratio of foreign-to-local employees, but rather how the organization chooses to view itself and define its goals and culture. A foreign organization, in this context, is thus one where influences are being brought in an explicit and systematic way from outside of China. In the end it was made as simple as “Do you see yourself as a Swedish organization?”

A short-list of suitable organizations was created based on the criteria above. The short-listed organizations were contacted and of them, five companies were selected for the study on a first-come reply basis. No analysis has been made into whether the selected sample of organizations is representative of the larger population and no such general inference should be drawn from the study.

It should further be noted that the reason for using multiple organizations in the sample is not primarily for comparison between organizations, but rather to throw a wide net in looking for approaches to dealing with motivation. Multiple case studies help researchers to identify general patterns rather than specific issues of a certain organization (Eisenhardt, 1991). Recognizing that different organizations choose to, and possibly need to, work with motivation differently the more inclusive approach was adopted and not seen as negatively impacting the analysis.

2.2.2. Choice of Interviewees

Within each organization it was decided that the desired interviewees would comprise both senior (1) and middle management (1), as well as HR specialist (1), and floor staff (1-3), for a minimum of 4 interviews per organization. Of primary importance was capturing a specific manager-staff relationship to catch a dual perspective of management techniques. In addition to this the senior management and HR specialists were included when possible to better explain how the organization generally looked at and worked with the topics.

For convenience the exact choice of interviewees was left up to the HR contact within each local organization based on these inputs. The effects of this on the study are hard to evaluate but it should none the less be noted.

Table 1 displays the number of interviewees in each position for respective company. The number of people in each position differs due to availability of interviewees in each company. HR specialist is sometimes the same person as a Swedish manager, and sometimes the same person as a non-

managerial employee. *Swedish manager* refers to manager with either Swedish nationality or Swedish mindset.

Company	SKF	Atlas Copco	Volvo	Elektroskandia	EF
Swedish managers	2	2	1	1	2
Employees	6	2	4	3	5
HR specialist	Yes	No	Yes	No	Yes

Table 1. *Overview of interviewees*

In order to get an external view and a full picture of the issue, interviews were also conducted with Andrén, General Manager at Handelsbanken in China and Fransson, Associate at the Swedish Trade Council in Shanghai. In total, 30 interviews were conducted in China.

2.3. Data Analysis

The interviews were recorded on tape except one informal interview. In the first stage of data processing, all interviews were listened thoroughly and transcribed. In the second stage, the records were re-listened and the interview transcripts re-examined. The empirical data were organized around the key areas motivation, organizational culture and leadership style.

A *cross-case analysis* (Eisenhardt, 1989) is carried out and organized around the key areas selected from the pre-study: *motivation, organizational culture and leadership*. The five companies participating in this study were compared with each other in the three key areas in order to identify potential patterns or dissimilarities. The rankings of the ten factors by the non-managerial interviewees are compiled in tables, in order to make comparison analysis between companies, and between managers & employees. The importance of each factor is derived by calculating the average ranking of each factor. The managers' interview answers were thoroughly compared with the non-managerial interview answers separately for each organization, and the most interesting contrasts were compiled and reflected in order to better understand how different parties view the issue. The key characteristics of each company in terms of motivation, culture and leadership are listed individually and subsequently comparisons were made across the companies in these three areas. Finally, the most significant motivational factors are chosen to be analyzed in-depth, specific areas of interest for China are discussed and conclusions are drawn by linking the empirical data and existing theories.

The empirical data is presented separately for each company case, employing so called *within-case analysis*. Eisenhardt (1989) argues that within-case analysis with detailed case study write-ups is useful: "This process allows unique patterns of each case to emerge before investigators push to generalize patterns across cases. In addition, it gives investigators a rich familiarity with each case which, in turn, accelerates cross-case comparison." Each individual case is sequentially structured around the three areas motivation, culture & leadership. Managers' views and non-managerial employees' views are also divided into different parts, making it possible to compare and identify contrasts. The empirical data is presented with details such as interesting quotes in order to add useful nuances to the results.

2.4. Research Quality

2.4.1. Reliability

The objective of estimating reliability is to assure that if a later investigator followed the same procedures as described by the previous investigator, the later investigator would arrive at the same findings and conclusions (Yin, 2003). Therefore, the concept of reliability indicates reducing random errors and biases. Due to the qualitative nature of the study, the reliability could be negatively affected (Bryman, 2006). Thus, in order to reach a high level of reliability, several arrangements have been done to avoid such inaccuracies in the research. I have personally met all the interviewees face-to-face, recorded all interviews but one, studied the recordings of the interviews, and transcribed the recordings. The transcripts are controlled against the recordings in order to re-examine the accuracy

of the material. The interviewees were given possibility to choose the language they wish to speak during the interviews, eliminating possible misperceptions of the answers.

Interviews were also conducted with one person at the time, in order to prevent biases in the answers caused by group behaviour. The questions asked in the interviews were open-ended, and new questions were added according to their relevance to the interviewees. Nevertheless, one interview guide has been used in all interviews and the main part of the topics has been covered in all interviews, increasing the reliability of the study.

2.4.2. Validity

Validity consists of three components: *construct validity*, *internal validity* and *external validity* (Yin 2003).

Yin (2003) defines *construct validity* as establishing correct operational measures for the concepts being studied. In order to increase construct validity when conducting case-studies, tactics such as the use of *multiple sources of evidence* during data collection was employed accordingly to Yin (2003). The study is designed to be able to contrast the views of the managers and the non-managerial employees respectively in each organization and investigate the degree of correlation between the answers. Furthermore, the interview guide was used in order to ensure the coverage of the same areas in all interviews.

Internal validity according to Merriam (1994) refers to the extent the research results correspond with reality. In qualitative research, the interviewee's mental construct of reality is studied, thus the results do not have to purely reflect the objective view of reality. The perspective is more interesting than the truth itself, and it is the qualitative researcher's duty to present this construct in an honest manner (Taylor & Bogdan, 1984). Internal validity is thus one of the strengths of qualitative research, aiming to understand the view and perspective of the interviewees, as well as to reflect the complexities of human behaviours and present a holistic interpretation of observations (Merriam 1994). Several measures have been taken in order to ensure a high level of internal validity. Interviews were always conducted in private and under strict guarantee that anything discussed by the non-managerial employees would only be reflected in the study anonymously, with the purpose of eliminating individuals' fear of providing real thoughts (Yin, 2003). Interviews were recorded for record-keepings sake and although this is not believed to significantly threaten validity of answers received it should be noted. Finally, a great number of quotes are included in the empirical data section with the intention of reflecting the reality.

External validity refers to the extent a study's findings can be generalized beyond the case study conducted (Yin, 2003). It is argued that qualitative studies tend to have somewhat weaker external validity (Bryman, 2006). The external validity is however enhanced by separately conducting five case-studies with Swedish companies engaging in different industries with operations/representatives in different regions in China and worldwide.

It should be noted that the majority interviewees participated in the study are based in Shanghai. Whilst Shanghai is one of the largest cities in China with a great number of foreign companies, and thus a good representative for reflecting the situation of Swedish companies based in China; it is still worth to notice that this could also have impact on the outcomes. Shanghai has been exposed to the Western culture relatively early and there is a possibility that the results may differ if the study was conducted in another region in China. Nevertheless, an extensive study across the Greater China is beyond the scope of the thesis.

3. Theoretical Overview

In this chapter, the theoretical framework used in this study is presented and a theoretical overview of the concepts of work motivation, culture and leadership is given.

3.1. Work motivation

“If a company knows why its employees come to work on time, stay with the company for their full working lives, and are productive, then it might be able to ensure that all of its employees behave in that way. Such a company would have a decided marketplace advantage over competitors suffering from absenteeism, costly re-training programs, and production slowdowns.” (Kovach, 1987)

Work motivation itself could be described as a strength enhancing employees’ willingness to work. The interest for finding the drivers of work motivation has been high ever since the birth of industrialized societies and a great number of studies has been carried out. One of the earliest studies within this area was the Hawthorne-study conducted in the 1930th at General Electric (Roethlisberger & Dickson, 1939). These studies have mainly been focusing on simple work tasks in industrialized societies. In Sweden, researchers studied the conflict between traditional ways of organizing work and the basic human needs and found that there is a demand for increased worker influence and higher quality of working life (Gardell, 1976). Many researchers argue that work motivation is observable and can be recognized in employee behaviors. Certain behavior patterns are found to indicate work motivation, such as willingness to take initiative, be strongly goal directed, high work performance etc. (Maehr & Braskamp, 1986; Pinder, 1984). In order to better understand the reasons behind different level of work motivation and behaviors, some of the most relevant theories within the area are presented. Covering a wide range of motivation theories in-depth would be beyond the scope of the thesis, for a more detailed review of motivation literature, see Fey (2005).

3.1.1. Needs

Daft and Marcic (2004) suggest that motivation refers to a person’s internal or external forces that arouse enthusiasm and persistence to pursue a certain course of action. Such definition indicates that motivation is a reason or a result of individual behavior, and that different individual needs drive to different causes of individual behaviors (Dongho, 2006). This is also in line with the *Needs theory*, suggesting needs as drivers for behaviors. Maslow’s *Hierarchy of Needs* suggests that needs are divided into the following categories with different hierarchical levels: *Physiological needs*; *Safety needs*; *Social needs*; *Esteem needs*; and *Self-actualization* (Maslow, 1954). Physiological needs are viewed as the most fundamental needs, whereas self-actualization occupies the highest level of the hierarchy. Once the lower level of fundamental needs is met, individuals will be motivated to satisfy the higher level of needs, which sequentially drives personal growth. Needs theory implies that employees who have their lower-needs satisfied will be motivated by higher needs such as interesting work, and that fulfilled needs no longer motivate (Kovach, 1987). Chinese workers are arguably at a lower level of the need hierarchy due to lower living conditions and limited welfare in China comparing to Sweden, and should therefore strive for achieving basic needs. As wages will help to satisfy the basic needs, the theory suggests that Chinese employees are likely to be better motivated by good wages.

Herzberg further developed Maslow’s theory for the organizational context and proposes *Motivation-Hygiene theory*, which suggests that individuals are influenced by two different factors: *Hygiene factors* and *Motivation factors* (Herzberg, 1959). Hygiene factors with no motivating affects but contain extrinsic elements which could influence employee satisfaction at work, such as wages and monetary benefits, physical work environment, work conditions, organizational goals, supervision and leadership. Examples of motivation factors are personal growth and development, responsibility, achievement, recognition and the work itself. Herzberg’s framework (1966) indicates that drivers of work motivation are motivation factors such as appreciation at work, interesting tasks, responsibility and development opportunities, rather than hygiene factors such as wages. These factors provide intrinsic rewards and could thus generate high level of work motivation.

Furthermore, individuals have different needs. McClelland proposes that employee motivation can be influenced by three essential needs in the organizational context: *need for achievement*, *need for power* and *need for affiliation* (McClelland, 1985a, 1985b). Individuals with a high need for achievement should be given challenging but achievable tasks. Managers should provide monetary and non-monetary feedback on their performance regularly. Individuals with a high need for affiliation value cooperation and interpersonal relationship, thus they should be provided appreciation and personal interaction with other people. Likewise, individuals with a high need for power value competition and status. They should be given responsibility and opportunities of advancement. The fact that these needs are individual-specific and are shaped by time and experience implies that individuals have different needs and should therefore be motivated by different factors. Thus, by identifying what factors motivate a specific individual, managers could increase the possibility of finding the perfect match between employees and work tasks. However, one may argue that many problems occur when implementing these implications. Firstly, dividing people into three different types by their needs is easier said than done. Different people may have different definitions of achievement and power, e.g. promotion and other career advancement could symbolize for both power and achievement.

3.1.2. Goal-setting and Feedback

Motivation can also be analyzed from another perspective. The impact of goal-setting on employee motivation and performance has been discussed extensively in management literature (Tubbs, 1986). Latham (2004) defines goal as “the object or aim of an action- for example, to attain a specific standard of proficiency within a specified time limit.” Supporters of *goal theory* depict goal-setting as an efficient motivational technique when applied correctly (Latham & Locke, 1979, 2006). Clearly-defined, challenging but reachable goals are shown to be more motivating than ambiguous and undemanding goals, based on the condition that the employees accept and commit to the goals, at the same time as they are provided support in order to reach them (Chmiel, 2000). Formal, structured goal-setting processes lead to higher level of employee engagement, increased employee optimism and improved performance (Medlin & Green, 2008). Latham (2004) underlines that goal-setting is most effective in organizations that are supportive and ethical, and non-punitive when employees fail to achieve their intended goals. He further argues that urging people to “do their best” does not encourage people to do their best, since the expression is too vague and abstract, with no external referent for evaluation. The goal theory provides vital implications for management practices, emphasizing the importance of strong leadership with clear communication and goal-setting. Fey (2005) indicates that delegation to employees in countries with high uncertainty avoidance will make them feel uncomfortable. If we believe that China is a country with relatively high uncertainty avoidance, clear goals will be appreciated and motivating as they reduce uncertainty.

Similar to goal-setting, the aim of feedback is to provide information about the expectations for the work and clear guidance in order to influence the employee behavior. Proponents of *feedback theory* argue that feedback has a clear positive correlation with work motivation (Ashford, 1986; Taylor, 1984). Fey (2005) suggests that feedback is related to responsibility and hierarchy as it provides subordinates legitimacy; implying that employees in high power distance countries are likely to appreciate clear feedback. Hence in traditional hierarchical cultures like China, feedback is likely to be important. As discussed, both goal-setting and feedback could help to reduce uncertainty (Fey, 2005), indicating that these would have greater motivating effects on employees in countries with high uncertainty avoidance.

3.1.3. Motivational factors

Previous studies have shown that employees prefer different motivational factors over time. Four similar surveys conducted in 1946 (Hersey & Blanchard, 1969), 1980, 1987 (Kovach, 1980, 1987) and 1992 (Wiley, 1997) are especially useful in terms of showing the difference in employee preferences

and attitudes over time. Table 2 shows the results from these studies and the rankings of ten motivational factors investigated.

Factors	1946	1980	1986	1992
Full appreciation of work done	1	2	2	2
Feeling of being in on things	2	3	3	9
Sympathetic help with personal problems	3	9	10	10
Job security	4	4	4	3
Good wages	5	5	5	1
Interesting work	6	1	1	5
Promotion and growth in the organization	7	6	6	4
Personal or company loyalty to employees	8	8	8	6
Good working conditions	9	7	7	7

Table 2. From Wiley (1997). Comparisons of employee responses in 1946, 1980, 1986 and 1992

As Amabile (1997) suggests that motivation can be *intrinsic* or *extrinsic*, these motivational factors can also be divided into two parts: *intrinsic factors* and *extrinsic factors*. Intrinsic motivation is believed to be driven by profound personal interest, enjoyment, curiosity and involvement in the work, whereas extrinsic motivation is believed to be driven by the wish for achieving goals which are separated from the work itself, such as attaining rewards or meeting a deadline. Further, according the *Locus-of-control theory*, individuals with a strong internal locus of control believe that success is achieved through their own abilities and efforts, whereas individuals with a strong external locus of control believe that his/her behavior is influenced by external circumstances (Rotter, 1966). The theory proposes that individuals believing that they are controlled by external factors will seek for external rewards such as monetary compensation, whilst individuals believing that they are controlled by internal factors will automatically seek intrinsic rewards such as interesting and challenging tasks (Kelley, 1971). The conclusion that high internal locus of control is linked with high need for achievement could thus be drawn. Locus-of-control theory also indicates that individuals are motivated by different factors. In addition, Jackson & Bak (1998) argue that Chinese culture emphasizes destiny, where events are attributed to external factors which individuals have little or no control over, implying that Chinese employees tend to have strong external locus of control.

Discussing this theory in the organizational context, some researchers argue that offering extrinsic rewards (e.g. monetary benefits) to individuals driven intrinsically (e.g. personal interest) has negative effects (Deci, 1971, 1975, 1980; Jordan, 1986; Lepper & Greene, 1978). However, considerable evidence from field studies suggests that under certain conditions, certain extrinsic motivation could be combined synergistically with intrinsic motivation (Amabile, 1993). Such combinations may enhance the positive effects of intrinsic motivation on creativity. Amabile (1997) argues that the work itself should match with individuals' expertise and intrinsic motivation, and that the work environment should allow one to retain the intrinsic motivational focus, while support individuals' exploration of new ideas. She emphasizes the importance of maintaining intrinsic motivation: "You should do what you love, and you should love what you do. The first is a matter of finding work that matches well with your expertise, your creative thinking skills, and your strongest intrinsic motivations. The second is a matter of finding a work environment that will allow you to retain that intrinsic motivational focus, while supporting your exploration of new ideas." Again, the theory implies that different individuals are motivated by different factors. Factors such as interesting work could be defined as work that matches with individual expertise and intrinsic motivations, whilst factors such as wages could be viewed as extrinsic rewards. Moreover, Amabile (1997) argues that intrinsic rewards could sometimes be more important than extrinsic rewards.

If intrinsic rewards are as important as researchers suggest (Amabile, 1997; Herzberg, 1959), what is the rationale of providing extrinsic monetary rewards and how important are these to employee motivation? The belief of monetary compensation's impact on motivation is primarily based on the theoretical propositions of *reinforcement theory*, which explains the correlation between the target

behavior and a motivational tool- which in this case are the monetary rewards for performance (Perry, Mesch, & Paarlberg, 2006; Skinner, 1969). Chambers suggests that monetary compensation could be decisive for attracting and retaining talents: “Money alone can't make a great employee value proposition, but it can certainly break one.” (Chambers, 1998) Locke (1982) argues that monetary incentives are crucial because they are the most instrumental incentives and can be used to purchase numerous other values, such as leisure and self-actualization needs. According to Cappelli (2000), compensation is one of the most useful tools to retain employees. A study conducted by Turcq (1995) implies that productivity is positively related to wage increases. Moreover, Locke (2004) suggests that financial incentives must be paired with clear goals. Nevertheless, monetary rewards have not always been the most important motivational factor. Looking at the results from previous surveys, in 1946, appreciation for work done was the top-ranked motivator for U.S. workers; whilst in the 1980s, interesting work became more valuable, which supports Herzberg's Motivation-Hygiene theory. Herzberg suggests employees have intrinsic needs of succeeding at a challenging task and by providing them such opportunities they could be motivated to achieve the goal (Wiley, 1997). Thus, intrinsic factors such as recognition and the work content are important motivators (Herzberg, 1987). In the 1990s, extrinsic rewards such as good wages became increasingly important and were at the top of the ranking list. However, some researchers still argue that employees value appreciation and recognition more than monetary compensation (Ellingsen & Johannesson, 2007).

Another possible way of identifying motivational factors is to study the reasons behind employees leaving their organizations. Lack of certain factors may result in significant decline in work motivation and therefore people start searching for new employers. An earlier conducted study shows that the major reasons why employees switch organizations are lack of recognition and appreciation for work done (Elsdon, 2002). Lack of career development opportunities is the second most important reason whilst financial motives are on the fourth place. The study provides valuable evidence for the fact that monetary compensation is not always the most important motivator.

3.2. Culture and leadership

Culture and leadership are two vital dimensions influencing employee work motivation. There is limited research on the correlation between culture and effectiveness (Fey & Denison, 2003). In this thesis, organizational culture and the difference between Swedish and Chinese culture & leadership style are particularly interesting. However, the aim with this section is not to conduct an extensive literature review in the areas organizational culture and leadership, but to provide some background on these measures in order to better understand work motivation. For an extensive literature review on culture and leadership, see Bass (1990) and Fey & Denison (2003).

3.2.1. Organizational culture

Organizational culture is a highly complex phenomenon and undoubtedly a very difficult area. The concept of organization culture has been developed over time. According to Schein (1985), organizational culture is defined as “The deeper levels of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic ‘taken-for-granted’ fashion an organization's view of itself and its environment.”

Some researchers argue that culture could be *managed* and thus used as a management tool (Ogbonna & Harris, 1998). According to O'Reilly (2008), “Culture can be thought of as a mechanism for social control. As such, culture is important for both the implementation of strategy and as a mechanism for generating commitment among organizational members.” Desire of control is believed to be the logic behind management attempts to change or modify organizational culture. Kerr & Slocum (1987) discuss the significance of organizational culture on employee behaviours: “A corporation's culture simultaneously determines and reflects the values, beliefs, and attitudes of its members. These values and beliefs foster norms that influence employees' behaviour.” They view culture as a tool of controlling the behaviours and attitudes of organization members, and the reward system as a method of achieving such control.

Organizational culture is essential for employee motivation and company performance. For instance, O'Reilly suggests that strong culture has an enhancing effect on employee motivation and performance (O'Reilly 1989; O'Reilly & Chatman, 1996). Basically, scholars argue that cultures that are strong and widely shared cultivate highly motivated and committed employees dedicated to common goals which organizations benefit from (Deal & Kennedy, 1982; Kotter & Heskett, 1992; Peters & Waterman, 1982). Motivation could lead to job satisfaction, which in turn leads to increased employee efficiency and productivity. Previous research indicates strong evidences of the direct correlation between corporate culture and companies' performance. Kotter & Heskett (1992) find that companies with strong corporate cultures generally had better financial performance. According to Denison (1990), consensus surrounding organizational values has a positive affect on organizational effectiveness. Some researchers argue that organizational culture has a certain influence on the degree of job satisfaction (Sledge, Miles, & Coppage, 2008). The finding of the positive correlation between a strong corporate culture and long-term profitability also re-confirmed the theory that organizational culture could be a source of competitive advantage, as suggested by researchers (Barney, 1986; Ott, 1989; Wilkins & Ouchi, 1983).

Much research has focused on identifying the most effective characteristics of organizational culture. In a study of 34 large U.S. companies, Denison found that companies with high degree of involvement achieved an average return on investment which was almost one hundred percent higher than those in companies with cultures that didn't encourage employee involvement (Denison, 1984). Thus, participative organizational cultures with high employee involvement are effective (Riordan, Vandenberg, & Richardson, 2005). Moreover, Barretta (2008) suggests that a participative, empowering organizational culture increases employee motivation. Denison (1990) suggests effective organizational cultures have the following traits: *involvement*- referring to empowerment and employee development which result in high commitment to the organization; *mission*- referring to common goals, clear purpose and strategy; *consistency*- referring to strong, well-coordinated culture and common mindset resulting in good internal integration; and *adaptability*- referring to organizational flexibility to changes in external environment. However, there is a trade-off between internal integration and external adaptation, e.g. organizations with strong internal integration are less adaptive to external environments, and organizations with participative cultures are good at empowerment but have difficulties with establishing direction (Fey & Denison, 2003). Hence, organizations need to find a balance between these dimensions. However, Fey & Denison (2003) conclude that this model which is developed in the U.S. needs to be adapted to the specific context a certain organization is operating within in order to capture some country-specific dimensions. Further, some researchers propose that organizational cultures which promote openness, teamwork and mutual respect between organizational members cultivate long-standing commitment among employees to the organization (Kerr & Slocum, 1987). Kotter & Heskett (1992) suggest that a culture which suits the company and has the ability to adapt to new market conditions is imperative for achieving long-term success.

3.2.2. Leadership

As discussed earlier, leadership is another dimension which should be mentioned in this context, the reason being that leadership and organizational culture go hand-in-hand and that both dimensions impact work motivation. Leaders have the ability to influence the company's organizational culture to a large extent (Bass & Avalorio, 1993). Organizational culture affects leadership whilst leadership influences organizational culture. Managers' leadership style reflects the shared beliefs and values of the organization, i.e. the organizational culture; simultaneously, the leadership style determines employee perception of the values and behaviors encouraged in the organization. Hence, management practices mediate organization's purpose and objectives to employees, making managers directly responsible for setting the targets, driving employee development and motivating employees.

Leadership effectiveness is often measured by the leaders' ability to motivate followers toward common goals (Shamir, Zakay, Breinin, & Popper, 1998). Limited studies have explicitly investigated which characteristics of leadership style enhance work motivation. However, considerable evidence indicates that charismatic or transformational leadership has notable effects on employee motivation and performance (Dvir, Eden, Avolio, & Shamir, 2002; Lowe, Kroeck, & Sivasubramaniam, 1996, Oakley & Williams, 2005). Organizations with transformational leadership are recognized as dynamic, organic and flexible with few hierarchical distinctions (Kark & van Dijk, 2007). Transformational leaders tend to involve employees, have a strong emotional influence on employees, inspire employees by articulating visions of exceptional nature, and motivate employees to perform better than expected with high enthusiasm. Moreover, transformational leaders demonstrate full trust and respect, encourage employees to solve problems from new perspectives and are willing to make changes. Research indicates that these behaviours are positively correlated with leadership effectiveness and work motivation (Kark & van Dijk, 2007).

Furthermore, Wang & Clegg (2002) suggest that company leaders can increase employee participation and organizational effectiveness by building interpersonal trust. Employee participation is believed to be a dynamic process, affected by the level of mutual trust between management and subordinates. Research indicates that leaders' values influence the commitment of co-workers, thus, management plays an important role in the level of employee involvement in decision-making processes (Korsgaard, Schweiger and Sapienza, 1995). Wang & Clegg (2002) argue that "Purely power-based leadership premised on ownership, control or trusteeship of material or intellectual assets may keep employees working but it is not a sustainable basis for motivating others or for generating emotional, spiritual commitment." Hence, showing trust and respect will generate reciprocal trust and enhance management effectiveness (Clegg, 1989, 1997). By placing high trust on subordinates, the management can signal the value of their participation and thus increase employee motivation. Additionally, Stogdill and Coons (1957) find that high levels of supervisor trust and respect are linked with better performance, if combined with organizational skills. Ellingsen & Johannesson (2007) also argue that respect is important for motivation.

Increased globalization requires highly competent global leaders, as new challenges emerge. The GLOBE (Global Leadership and Organizational Behavior Effectiveness) research program involving 150 researchers with the aim to investigate leadership in many different nations, suggests nine cultural dimensions in which cultures differ (Javidan & House, 2001). The study indicates that leaders should understand cultural differences and similarities among countries in order to adapt their leadership behaviors to the specific cultural context which their organization is operating in.

3.2.3. Chinese and Swedish culture

A majority of the motivation theories is based on research conducted in the U.S. Research focusing on motivation in cross-national settings is very limited (Earley & Erez, 1997; Fey, 2005). Nevertheless, American society and its culture differ significantly from the Swedish and the Chinese culture, including values and importance of work which cannot be ignored.

According to Hofstede (1991a), culture is defined as "the collective programming of the mind which distinguishes the members of the one group or category of people from another". Some researchers have addressed this issue of different cultural values (e.g. Franke, Hofstede, & Bond, 1991; Hofstede & Bond, 1988). Hofstede's framework (1980a) showing national cultures vary on different cultural dimensions is widely known in the field of international management. While it certainly has some limitations, this work on national cultural differences has yet contributed significantly to the development in management and organizational theories. Hofstede (1980a) suggests that national cultures vary in different cultural dimensions: *Power distance*; *Uncertainty avoidance*; *Individualism versus Collectivism*; *Masculinity versus Femininity*. China is not included in his study and thus Hong Kong is used here as a proxy for China. The findings show that Sweden scored higher on individualism than China, which is reasonable due to China's long history of Communism. Sweden scored lower on

power distance than China, which is in line with the Swedish tradition of equalities in society and China's history of strong leaders. Sweden scored low on masculinity implying a low competition orientation and sex-role distinction. Both countries scored quite low on uncertainty avoidance- the extent individuals feel vulnerable in uncertain situations, implying a low demand for security. Nevertheless, one should note that Hofstede's measures have many limitations. Moreover, China is in a developing phase and it is therefore difficult to provide an accurate picture of Chinese culture. Hofstede's cultural dimensions imply that different management practices should be applied in different countries. Further, researchers suggest that national cultures differ significantly in terms of work motivational factors, and that western-developed motivation theories should be applied with great caution in other countries (Fey, 2005; Fey & Denison, 2003; Hofstede, 1980b; McClelland, 1961). Due to the fact that the lion part of the motivation studies is conducted in the U.S., it is of great importance to study the employee motivators in the unique Chinese setting in order to provide useful knowledge for foreign companies operating in China.

Management researches have shown that organizational behaviours differ largely between Eastern and Western countries. Hampden-Turner & Trompenaars (2002) suggest that China is "both a mirror and a mirror image of traditional Western management culture." Hence, there is unquestionably a cultural difference between Sweden and China. Swedish organizational culture is usually known as flat and open, encouraging high employee participation; whilst Chinese organizational culture is often described as bureaucratic with little employee empowerment. Fey & Denison's study (2003) of Russian organizational culture could arguably be used as an indicator for Chinese organizational culture, due to the similarity between the countries' history of communism and strong leaderships, as well as similarity in economic situation as both are development countries. The key features of Russian organizational cultures described in their study such as centralized decision-making with little empowerment; punishment for negative results; poor flow of information is arguably similar to the Chinese context. According to O'Keefe & O'Keefe (1997), Chinese communication practices can be characterized as passive and subtle, which is in line with the Confucian principles of behaviour, and therefore regarded as polite and virtuous by the Chinese co-workers. But westerners, whose communication practices are often articulate and direct, tend to interpret this behaviour as evasive and misleading. The directness of the Western communication is on the other hand interpreted as offensive and impolite by Chinese people. Therefore, conflicts arise due to misunderstanding in peoples' behaviours. Furthermore, Wang & Clegg (2002) suggest that trust is a social value that varies in different cultural context. They argue that Chinese managers place low trust on the willingness of their subordinates to take responsibilities, and hence invite less employee participation. Previous research suggests that low levels of trust are correlated with high power distance, and thus countries with dominant hierarchical social values (Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1997; Shane, 1993). Chinese managers are characterized with strong hierarchical values, show low trust to their subordinates in order to maintain their high status; whilst they show high respect to their superiors as respect for hierarchy is emphasized in China (Wang & Clegg, 2002). These findings provide important implications for Chinese organizational culture.

3.2.4. Integrating work motivation, organizational culture and leadership

As indicated earlier, motivation, culture and leadership are arguably correlated with each other. Kerr & Slocum (2005) argue that a company's reward system, corporate culture and leadership style are linked with each other: "The reward system- who gets rewarded and why- is an unequivocal statement of the corporation's values and beliefs. As such, the reward system is the key to understanding culture. (...) Reward systems express and reinforce the values and norms that comprise corporate culture. (...) Reward systems are, in effect, powerful mechanisms that can be used by managers to communicate desired attitudes and behaviors to organization members." Furthermore, Amabile (1993) states that leaders should think employee motivation as a complex system where it is possible to "achieve synergy between persons and their work environments, and between the different types of motivation." Hence, a good fit between motivational factors, organizational culture and management practice will likely enhance work motivation.

4. Empirical Material

In this chapter, the empirical data is presented. The findings from each case company is presented separately, from both managers' and their employees' perspectives.

4.1. Overview

28 interviews are conducted in the following five Swedish case companies in China: SKF, Atlas Copco, Volvo, Elektroskandia and EF. The companies vary in size, industry and number of years of experience in China. For each company case, a brief company background is given, followed by a presentation of the findings from managerial and non-managerial interviews.

4.2. Company cases

4.2.1. SKF

COMPANY BACKGROUND

Founded in 1907, SKF is one of the leading international suppliers of rolling bearings, seals, mechatronics, services and lubrication systems. With 110 manufacturing sites worldwide, own sales companies in 70 countries, 15.000 distributors and dealers in 140 countries, SKF is truly a global company, employing more than 42.000 people in 2007. There are three business divisions with focus on specific customer groups each. The organization is has seven staff units: Group Legal; Group Communication; Group Finance; Group Demand Chain; Group Business Development; Group Human Resources & Sustainability; and Group Quality & Technology Development. SKF is one of the first Swedish companies establishing in China. The first SKF sales company in China was already established in year 1916 in Shanghai. Today, SKF has 9 manufacturing facilities, several sales offices and service units, a head office in Shanghai, employing more than 3000 people in China.

WORK MOTIVATION

Managers' view

Pollnow (HR director) believes that Chinese employees have the same values as westerners. He compares Sweden with China, and argues that promotion and growth opportunities have a greater importance in China. Wages are equally important for both nationalities. Getting appreciation for work done is less important in China. He also adds that relationship with colleagues is important whilst working conditions are less important in China. Jernberg (Industrial Service General Manager) adds that recognition and respect are important motivators.

According to Pollnow, the Chinese employees are much younger due to the fact that they are the first generation who can work in modern companies. He jokes: "I could theoretically be father to everyone here." He says that Chinese employees are very competent in terms of knowledge, thanks to the extremely tough and demanding Chinese education: "The Chinese education requires strong intellectual capacity and much physical work. Thus, the Chinese employees have developed strong learning skills, but they also lack creativity." Pollnow considers encouraging employees to take initiatives and make own decisions a challenge: "From the beginning, they think that I know everything. They will say to me: 'you know the answer, why don't you tell us how to do this?'"

Jernberg believes that the cultural differences are one of the biggest leadership challenges in China. Further, he points out that communication is one of the main issues: "In our culture, we have something that we perceive as the right thing- the same thing could be perceived as wrong here." He stresses the importance of leadership: "If you are here to do a good job, then you should seriously consider the cultural differences and its implications. I don't think that you should work in the same way in China as back home in Sweden, because you would not get the same respect, in terms of trust and handling power." He also mentions that to develop employees in order to meet the fast growing business need is another challenge SKF is facing today.

SKF realises the importance of employee development. Every year, managers hold meetings with subordinates where individual strengths, weaknesses and areas for improvement are identified and appropriate trainings are discussed. Subsequently, an *individual development plan* (IDP) is formed based on the discussion. The aim is to communicate with employees and provide individual-specific trainings and development opportunities. Nevertheless, it is up to the employees which direction they wish to develop. Pollnow states that IDP is one of SKF's strongest tools for employee retention: "If they feel that they develop and grow, why leave the job? It is a tool for us to retain our personnel. Some managers in other companies are worried about the risk of spending money on trainings for employees who later switch job, I usually tell them that the largest risk is to have employees who do not develop and never leave the company." Jernberg adds that IDP is a part of the corporate strategy to retain and manage the *right* rather than the *best* people: "GE is a company which is really good at managing the so called best people. They have many incentive programmes and put high pressure on the employees. The best people are retained whereas the rest are kicked out. I don't think that SKF works with this model."

In terms of wages, SKF is not top-ranked in the market comparing to U.S. firms. However, Pollnow explains that SKF has a high focus on career development and trainings. For example, SKF has its own school in China, so called SKF Campus, which provides trainings weekly. Benefits such as housing allowances and health insurance are also provided to employees on the managerial level.

Employees' view

Employees interviewed at SKF state that interesting work, good wages, promotion & growth opportunities are the most important motivators. A HR-specialist confirms the fact that monthly salaries are becoming more important today than for two years ago.

When discussing the importance of the work itself, an employee explains: "If a work is not interesting, you will leave the company. Your working experience is like a snow ball which is becoming bigger and bigger, and this makes you want to stay within the company." Another employee says: "Our work is very interesting, due to the fast development of China, our sales volume grows extremely fast with almost 30-40% increase per year. This is challenging and fun."

Wages are claimed to be important, especially in Shanghai, due to the ever-increasing price level and the housing cost. Moreover, promotion & growth is important. One employee explains: "For young people in China, promotion & growth is important due to the fact that job titles are directly linked to Face. Good title means good face in front of your family members, relatives and former classmates – if you are promoted to managerial position before they do. Also, promotion provides learning and development opportunities." According to another employee, promotion & growth is important for Chinese employees, due to the fact that they are working in an emerging market, thus learning and growth is crucial in order to catch up with the market. The employees perceive the IDP very positively and believe that it is an important part of the employee development program.

ORGANIZATIONAL CULTURE & LEADERSHIP

Managers' view

SKF has stated that its mission for the employees is "creating a satisfying work environment where efforts are recognised, ideas valued, and individual rights respected." (SKF, 2008) The company has also four core values: High ethics, Openness, Teamwork and Empowerment. Both Jernberg and Pollnow stress the importance of these values and agree that the last mentioned is a leadership challenge in China. Pollnow describes the organizational culture as flat and empowering, "a nice Swedish culture which encourages discussions around decisions" and that they attract people who enjoy such environments. SKF arranges a training programme for all the new-hires where the core values and organizational culture are introduced.

Both the Swedish managers encourage Chinese employees to give suggestions and ask questions. They mention employees' fear of standing out and stress the benefit of having meetings with employees individually instead of group-wise. Jernberg explains the advantages of individual meetings: "You will get a totally different discussion. In a group, everyone would just agree with my opinion since I am the boss." For China, Jernberg advocates a leadership style which contains regular individual follow-ups, clear goal-setting, guidelines and constructive feedback. According to Jernberg, follow-ups are motivating and show the manager's interest and commitment to the employees' work. He also places high trust on the employees he works with. He states that communication is one of the key leadership skills in China: "Communication is the way you can guide, lead and empower people. If you do this well, they will respond back." Further, he suggests that the best way of communication is face-to-face communication, which avoids misunderstandings. In his office, there are daily workshop meetings, weekly business review meetings, monthly management meetings and quarterly board meetings. Jernberg highly values all the meetings and attends when possible.

Pollnow acknowledges empowerment but mentions that there is a trade-off between empowerment and information: "If they get too much information and instructions, they will only have one way to do the work. It is hard for a highly empowered organization to share too much information."

SKF conducts a survey named *Working Climate Analysis* annually, involving many aspects such as leadership, employee motivation, culture, mutual trust, communication, strategy, vision, working conditions. The analysis also measures degree of implementation of the core values. According to Pollnow, this is an extraordinarily efficient tool for strengthening organizational culture and employee satisfaction. Last year, the participation level of Chinese employees was as high as 99%.

Employees' view

The employees also describe SKF culture as open, democratic and empowering. They are encouraged to communication and involvement. SKF's effort in corporate social responsibility is highly valued. An employee stresses teamwork as an essential element of the organizational culture: "We never talk about individuals here, we want to develop as a team."

The HR-specialist agrees that Chinese candidates are attracted to SKF's people-oriented culture. But there are some disadvantages of having a Swedish culture as well: "The speed could be improved, so that we are able to adjust ourselves quickly to the market. I heard that people commenting that it takes too long time to make decisions. Swedish companies encourage more discussion, they hope that everyone is involved in the process, and this of course takes longer time comparing to top-down cultures. Sometimes we do need making decisions instead of discussions, the market requires quick reactions."

The Swedish leadership style is highly appreciated by the employees and they claim to have a good relationship with the Swedish managers. Comparing to Chinese leaders, Swedish managers are described as much more transparent, better at sharing information, delegate responsibilities, and encourages subordinates to contribute own suggestions and opinions.

The level of mutual trust between employees and managers is said to be high in SKF. Employees express that they are not afraid of taking responsibilities. Some employees experience that information sharing is not always sufficient and could be improved. Previously, some employees have raised the wish to improve the communication with the managers in order to get more information. This resulted in regular office meetings open for all employees where the managers present results for SKF China and departments give update on current works. One employee also mentions that the General Manager is working on a regular newsletter which will be distributed to employees on the managerial level.

Overall, the employees are satisfied with the organizational culture. One person mentions that less work load could increase his work motivation. The HR-specialist also mentions that the organizational structure is sometimes too complicated and confusing for Chinese employees, leading to situations where one employee has multiple managers with different opinions.

4.2.2. Atlas Copco

COMPANY BACKGROUND

Founded in 1873 and headquartered in Stockholm, Sweden, Atlas Copco is a leading global provider of industrial productivity solutions with more than 130 years of experience within the industry. The business is divided into three business segments: *Compressors & generators*, *Construction & mining equipment* and *Industrial tools & assembly systems*, serving the construction, manufacturing, mining, process and services industries. The group is represented in more than 160 markets worldwide, employing 33000 employees in 2007. In the 1980s, Atlas Copco established a company in Hong Kong with representative offices on the Chinese mainland. Today, Atlas Copco in China has 17 companies producing, selling and servicing products from its three business areas, sales and services offices in 50 locations in China and over 500 contracted distributors. Currently, Atlas Copco is growing very fast in China and employing around 4000 people. The rapid growth makes China one of Atlas Copco's most important markets.

WORK MOTIVATION

Managers' view

Rannisto (Senior manager) believes that promotion & growth is very important for employee motivation. He explains: "Employees are willing to accept lower wages if they are aware of the development opportunities we offer. There is a great interest to learn more." He also adds that large-sized multinational companies with good reputation are highly attractive to Chinese employees: "Multinational companies are able to provide good development opportunities and merits for the future. In other words, the company's brand and future opportunities are important." Rannisto does not believe that Chinese employees differ much from Swedish employees: "They are all motivated by doing a good job and receive rewards for their efforts." Interesting work and good wages are also important. Carlus (Senior manager) also agrees that promotion & growth, interesting work and good wages are the three most important motivators, but emphasizes the importance on wages. He argues that good wages are always one of the absolutely most important things for Chinese employees: "No matter what they say, wages are always the most or second most important factor in China."

When discussing the wages, Rannisto says that Atlas Copco tries to position itself above the middle segment in terms of salary level. The company aims to attract graduates with no previous working experiences for the reason that they wish to avoid fighting for the existing work forces and educate their own personnel.

Both managers agree that communication is one of the leadership challenges in China. Rannisto recalls that in the beginning, the employees did not take initiatives, ask questions and contribute with suggestions actively, and that there are still improvements to make. Furthermore, he believes that Swedish leaders are generally quite successful in China, due to the fact that they do not have many prejudices about China, are willing to involve people and have good listening skills. He says that another strength Swedish leaders have is the fact that they pay high respect to their subordinates and do not criticize people in public.

Employees' view

The employees interviewed rank good working conditions as one of the most important factors. One employee explains: "Good working conditions are important because it makes you feel comfortable while working. Here in Atlas Copco, everyone may express their own opinions, which was not the case in my previous Japanese company." The work is claimed to be both interesting and challenging. Another employee also includes company's location as a part of working conditions: "Good working environment and convenient location are imperative since Shanghai is a gigantic city. I worked in another district before and spent four hours on travelling every day, it was terrible."

Apart from good wages, being well informed and involved also belong to the key motivators according to them. Employees state that being well informed about the company's current business, future target and planning is very important and that this is one of Atlas Copco's greatest attractiveness. Atlas Copco's database is pointed out as one of the best information channels, containing everything from recruitment to latest news from other country offices. The fact that Atlas Copco offers employees various trainings and development opportunities is perceived as highly positive by the employees.

The employees have a face-to-face meeting with their managers annually for discussing training and personal development. Bonus is also discussed as it is linked to the goals, which also means that it is clear what each individual should achieve in order to receive bonus.

ORGANIZATIONAL CULTURE & LEADERSHIP

Managers' view

Atlas Copco has three corporate core values: Interaction, Commitment and Innovation. It is stated that: "Our core values represent a competitive advantage to the Group and help us to maintain our leadership position, even in a changing environment." (Atlas Copco, 2008)

Rannisto describes the organization as flat, open with good information flow. Carlus also agrees the non-hierarchical and empowering culture in Atlas Copco. Rannisto believes that mutual trust is one of the cornerstones for the organizational culture and that he places high trust on their subordinates. He stresses that empowerment is high within the organization, and one should understand that it takes time for the Chinese employees in order to fully adapt to the organizational culture and overcome their fear of taking responsibilities. Employees are encouraged to take initiatives, suggest improvements and make own decisions: "When an employee come to my office and ask me to make a decision, I usually push back the responsibility and ask for the employee's opinion. After a while, they start to work more independently." According to Rannisto, mistakes are allowed and as long employees learn from the mistake and show improvement next time.

Employees' view

The employees affirm that they enjoy the open, non-hierarchical culture in Atlas Copco. The employees interviewed clearly state that the organizational culture and leadership style are the important motivators and main reasons for them to stay within Atlas Copco.

One employee compares Atlas Copco with her previous employer: "I feel very well treated and respected by my superiors. I can express my opinions and have interesting discussions with my boss here, thanks to Atlas Copco's European culture. In my previous company, employees were not expected to make suggestions, if they do, the managers would ask them 'Why do you have these ideas? Why don't you follow my rules?'"

Another employee says: "My previous employer was a Japanese company and I think Atlas Copco is much better in terms of organizational culture. Here, I have a very sympathetic management team and kind colleagues. The Japanese company was extremely hierarchical and did not give employees

many chances to raise their own ideas. They put high amount of pressure on the employees and people were nervous constantly, here in Atlas Copco, people are always happy.”

The employees also feel highly trusted by their superiors and are pleased with them. The Swedish managers are perceived as kind, open and supportive. One employee explains: “I can go to my boss’s office at anytime, and he will be very happy to discuss problems with me. The Swedish managers are very helpful and you can always feel comfortable, this makes me feel good and can in turn do a better job.” Another employee says: “I don’t like the American and Japanese managers, if I make a small mistake in these companies, I could lose my salary. Here, I feel confident even if I make a mistake.”

4.2.3. Volvo

COMPANY BACKGROUND

Officially founded in 1927 as a small local car manufacturer, Volvo has developed to one of the world’s foremost manufacturers of heavy trucks, buses and construction equipment, employing more than 100 000 people. A great part of the employees are based in Sweden, France, Japan, the US, China, Brazil and South Korea. Today, Volvo has manufacturing facilities in 19 countries and operations in more than 180 countries. The largest markets are Europe, Asia and North America. The organization is divided in product-related business areas and supporting business units. Volvo Group formally entered China in 1992. The growth has been rapid since the entrance of the market thanks to strong economic growth in the region. Volvo Construction Equipment was established in China in 2003 and has developed to China’s prevalent foreign-owned construction machinery enterprise.

WORK MOTIVATION

Manager’s view

Rimaz (General Manager) states that good wages, full appreciation at work, promotion & growth are the most central motivators and also the main reasons to why people leave for another job. He argues: “People want to be recognized for their contribution, otherwise they will feel unappreciated and their motivation will be switched off.” He points out that to recognize individual contributions in a factory is also a leadership challenge he is facing. Rimaz further argues that promotion & growth is very important: “The employees here are in general very young, between 20-30 years old. Young people are very demanding and want to get promotion & growth. People have left before because they could not become managers. Therefore, we try hard to promote our own people.” Being well-informed and involved is the fourth most important factor according to Rimaz, he explains: “People want to get information about what is going on in the company. Communication is crucial in order to avoid false rumours spreading within the company.” The company is also trying to make the work as interesting as possible by switching people around so that they could develop more skills and become promoted.

According to Rimaz, one of the leadership challenges in China is to make people look at things in a different way and change their mindset. The traditional Chinese environment which is purely top-down controlled does not allow people to make suggestions. This is the reason why Volvo recruited many new graduates from universities and technological schools with no previous work experiences when they started at Volvo in China. According to Rimaz, around 60% of the employees have started their career here. Nevertheless, Rimaz admits that there are other issues with having so many young employees: “Sometime it feels like a kindergarten here. Having many young Chinese employees around 20-30 years old, coming from one-child-family, does create many internal issues. We have even got parents coming here to check on their kids once a while.”

Employees' view

A HR-specialist ranks promotion & growth as the most important motivator based on her experiences from interviews with the candidates. She explains: "Apart from salary, almost every candidate asks about the employee training and development plans." She states that Volvo offers great promotion & growth opportunities in order to attract young people. In comparison to other similar companies, the HR-specialist claims that Volvo is on the average level in terms of wages, and that the salary is related to employees' performances. Further, she adds that good working conditions and location are also central criteria many Chinese people look at: "If the company is situated far away from their home, they will give up."

Three of the employees interviewed value promotion & growth highly whilst one employee ranked promotion & growth as a less important factor. The employee explains: "To me, promotion & growth are less important due to my age. I am the oldest person in this company, and if I were younger, I would rank this factor higher." Two employees state that interesting work has the greatest impact on their work motivation, an employee explains: "If your work is not interesting to you, there is no way you can do a good job. I am very interested of my current work, and the salary is less important. I would not accept an unexciting job even if it offers higher wages."

An employee clearly points out that personal loyalty to employees from superiors and the organization is most important to him. He explains that the reason to why he left his previous company was that his manager did not trust him, and expresses his contentment with the high mutual trust between him and his superior. Interestingly, almost all of the employees interviewed rank job security as the least important factor for work motivation. An employee says that his technological background and working experiences provide him a great number of job opportunities in Shanghai.

ORGANIZATIONAL CULTURE & LEADERSHIP

Manager's view

The Volvo group views its organizational culture as its unique competitive advantage which is non-imitable by its competitors (Volvo, 2008). Quality, Safety and Environmental care are the three core values, summarizing what the group stands for.

Rimaz argues that the company culture is a mix between the people-oriented Swedish culture and the result-oriented American culture: "We care about the people and implement participative management, but we are quite demanding on delivering results as well." He claims that the company has a low employee turnover, which shows that people enjoy the participative and rewarding management.

Rimaz also stresses the significance of providing feedbacks on internal suggestions. He says that he reviews suggestions from the employees monthly and applies a reward system giving monetary rewards to the employees who make valuable suggestions. The employees are made aware of that "No is not an acceptable answer", and that managers have to explain why their suggestions or ideas are not implemented by the company. Rimaz says: "People do not accept the answer 'no' here, and this forces them to think. In a traditional Chinese company, none would question a General Manager, but here people do it. They will give me a hard time until they get a satisfactory answer, and they are encouraged to do that."

The company runs so called *Volvo group attitude survey*, a survey with the aim to improve the satisfaction index, measuring motivational factors and evaluating the top-management. Rimaz proudly says that his company has a higher index than the entire group, which shows that many feel that they do get appreciation and recognition. Rimaz tries to communicate to the employees through

many different channels, such as employee newsletter with stories about employees and the organization, communication boards displaying both good and bad news, employee meetings once a month where each department presents their ongoing projects. A magazine named *Volvo Voice* is distributed monthly produced by employees within the company themselves. Currently, a video presentation about the company's activities last year is being produced and will be published in the entire group. Rimaz says that he has full confidence for the employees and when he delegates responsibilities, he does that with high trust: "I don't expect people reporting to me, I only expect works to be done."

Employees' view

The employees' description of the organizational culture is very similar to what is said above. Many describe the culture as open and communicative with high focus on employee development. One employee mentions the *Volvo way*, a guideline of the company culture and its policies.

All employees interviewed mention that they greatly appreciate their General Manager's leadership style. The information flow and communication is said to be very good. A few employees mention that the General Manager often has lunch meetings with randomly selected employees, and that everyone may visit the General Manager as his door is always open. An employee says: "Anyone can make a suggestion. Our company protects individual rights and keeps the suggestions anonymously. In a Chinese company, none would care about this."

Two employees believe that the General Manager is sometimes too "kind and soft" when it comes to punishing people for mistakes, and that Swedish companies are too "nice" in this aspect. They suggest that the General Manager should make the final judgement and punish for serious mistakes in order to avoid the risk of people not taking responsibility for their mistakes. An employee reflects that the corporate culture and management practices are the most important reasons for him to stay within the company. All employees interviewed state that they feel strongly supported by the management and are encouraged to make decisions.

An employee with previous experience from a German company reflects: "The leadership difference is large. My German boss always told me the goal and the process to achieve it. Here, I only get the target and there is no need for me to explain how to reach the goal, as long as I completed the task. The Swedish way makes me feel more motivated and I enjoy this corporate culture and this kind of working style."

4.2.4 Elektroskandia

COMPANY BACKGROUND

Founded in Sweden in 1904, Elektroskandia is a business-to-business services group, distributing electrical and installation products with more than 100 years of experience. Elektroskandia has developed to a major supplier of materials to global telecom manufacturers and serves as the sole global provider of installation products for the large telecommunications company Ericsson. Today, Elektroskandia is a leading distributor of electrical and industrial products, operating 136 branches in Sweden, Finland, Norway, Latvia, Estonia, Lithuania, Poland, Russia and China, employing around 1600 people (Elektroskandia, 2008). Elektroskandia has been operating in China since 1999, providing logistical services for mobile phone systems and supply chain solutions for installation and other materials. The Shanghai office visited employs over 100 people. The company has seen a rapid growth in China since the start of its business.

WORK MOTIVATION

Manager's view

Alsén (General Manager) believes that personal loyalty to employees from superiors and the organization is the most significant motivator and points out the importance for the employees of having a good relationship and close contact with their managers. He says that high job security is the least important motivator for the employees in his company, due to the fact that the average employee age is 29 year old and that most employees are confident about future job opportunities. Good wages symbolize status and are thus the second most important motivator according to Alsén, who has noticed that sometimes the employees prefer high wages rather than high bonuses. Further, he states that interesting work is central for young employees, and that people are motivated by appreciation for work done. Promotion & growth is chosen as the fifth most important motivator, he explains: "People are very interested of having titles here. So we try to satisfy this need by creating more titles, which leads to situations where some supervisors only have two subordinates."

Alsén came to China in 1994 and has a long experience of working in China. He says that Elektroskandia in Sweden has completely different HR-issues comparing to the HR-issues in China. He states that Chinese people are less self-driven, less willing to take initiatives and responsibilities which are not included in their job descriptions, partly due to the fact that the Chinese education does not encourage creative thinking, and partly due to the fear of making mistakes. According to Alsén, the Chinese middle managers do not share enough information with their superiors and subordinates, leading to a poor information flow. He says that the company has tried to send newsletters, but gave up after a while because it was too time-consuming and distracting in the high growth environment.

Alsén points out the fact that Elektroskandia does not have a well-known brand name comparing to Fortune 500 companies means that they have to offer better wages and more development opportunities. The company offers competitive compensation packages which include a basic salary, performance-related bonus and various benefits. Wages, bonus, promotion and recognition are tools used to increase the employee motivation. Additional rewards are given to the best performers in the company. The company assigns a great focus on recruitment and retention, i.e. how to find the right people and retain, develop and coach them. For example, trainings and mentors are arranged for the new-hires. However, Alsén admits: "We are not perfect, because we are growing very fast, and some divisions are not very familiar with these things. But we are working on it."

Employees' view

Two employees state that having an interesting work is the most important thing. Among the employees interviewed, wages are also ranked as one of the most significant factors. An employee holds Alsén's view about the importance of good wages: "Wages are important here because they reflect different social identities. Some jobs itself give high social status, such as jobs in the finance and banking sector." Further, the employees at Elektroskandia stress the value of being well-informed and involved. One employee explains: "Work is an essential part of life; being an active part of the organization makes you feel that you are valuable for the company." Two employees agree that the company encourages one to participate in decision-makings related to their works and that they feel highly involved. They are also pushed to give suggestions and provide new ideas. An employee states that high degree of participation is linked to employee loyalty.

Two employees point out that better information flow is needed. The company has no official channels for information sharing such as intranet and internal newsletter. One employee explains that there has been an attempt from the management's side to build a common information platform for the entire Shanghai branch, but it was not applicable due to the fact that the company has several departments with totally different businesses. One employee explains: "The management tried to

create a common information platform, but due to the fact that we have several departments with totally different businesses, so we gave up.” Another employee holds the company to be slightly unclear when it comes to who should take the responsibility: “There is a cooperation problem between the departments in the company. Many departments want to protect themselves when mistakes are made. Sometimes the departments want less works and push their works to others.”

ORGANIZATIONAL CULTURE & LEADERSHIP

Manager's view

Alsén states that the company culture is quite forgiving when it comes to mistakes and encourages employees to make their own decisions. He claims that the organization is less flat in comparison to the smaller organization a few years ago, in terms of the number of organizational levels. The various business units and the Chinese employees' strong need of titles have made the company more hierarchical.

According to Alsén, having a good relationship with the employees is imperative for a company leader. He argues that one can overcome the challenge of Chinese employees' passivity with a strong leadership: “With a clear leadership, one could make Chinese employees work better, faster and harder.” When employees try to involve him in their decision-making processes, he always pushes back the responsibilities.

When it comes to delegating with trust, Alsén believes that it depends on people. He says that the company has lost people whom have gone to other companies with the company's confidential information. In general, he places high trust on the employees. He says that he never punishes people in public, and is aware of that some employees are disappointed about this.

Alsén claims that 90% of the information given at managerial meetings would not be shared with the rest of the employees. In order to facilitate the information flow, Alsén arranges larger information meetings and demands the middle managers to communicate more. Further, he believes that information the middle managers provided to him is not sufficient, thus, he practices *management by walking around*, i.e. speaking with employees from different levels in different departments in order to gain more information and inputs. However, he stresses that one must be critical to the information collected.

Employees' view

The organizational culture is described as caring, democratic, respectful and flexible by the employees interviewed. One employee expresses his content with the Swedish culture and leadership style: “I enjoy working with my Swedish colleagues. Swedish people like team work, participative environments and mutual respect, and this works very well for me. I don't like the aggressive and individualistic American culture.” Another employee recalls: “I was quite surprised by the culture when I first joined the company. The Swedish managers treat all staff equally regardless positions. When we travel, the managers stay in the same hotel as the drivers. This makes me feel comfortable working here.” One employee has both experienced the Swedish management and the German management in the company, she says: “The German boss notices every detail and does not trust people. I have even seen him correcting the cleaning lady, which is waste of time. The Swedish boss only cares about the result and provides more flexibility.”

However, the Swedish management has short-comings as well. One employee suggests that the General Manager should give clear job descriptions, direct orders and delegate responsibilities. She explains: “Saying ‘I want the problem solved’ will not solve the problem, Chinese people are not used to solve problems proactively and they need to be informed and given orders. (...) There is a Chinese saying ‘Do more, make more mistakes’, this is the reason why people don't like responsibilities.”

In general the employees find the company culture very joyful and they point out that they appreciate the leadership style and the fact that the company works hard on finding ways to retain and motivate them.

4.2.5. EF

COMPANY BACKGROUND

EF Education was founded in 1965 in Sweden based on the simple business idea of bringing Swedish students to England to learn English. Today, EF has grown to the world's largest private education company specializing in English training, educational tours and cultural exchange. With ten subsidiaries and non-profit organizations, offices and schools in 51 countries, the company has an extensive worldwide network, employing 29.000 employees, teachers and volunteers globally. (EF, 2008) In 1993, EF became the first foreign language school in China. Today, the company employs around 800 employees in China. In 2008, EF was chosen to support the Beijing Olympic Games 2008, supplying the official language training services. Apart from contributing to the Olympic Games the company views this as an excellent opportunity to show the company's capabilities in order to strengthen its position in China.

WORK MOTIVATION

Managers' view

Andersson (Global Product Development Project Manager) believes that the Chinese employees prefer good working conditions and promotion & growth. She claims that these two factors share the first place on the ranking list, and that this is especially the case at EF. She ranks full appreciation at work as the third most important factor, whilst interesting work is perceived as one of the least important factors. She argues: "Good working conditions make employees enjoy their jobs. The Chinese employees have not experienced appreciation at work before and managers showing their appreciation are highly appreciated here. I certainly think that the work content is important, but getting responsibility and appreciation is more important than the actual work tasks." She adds that wages also matters. Ericsson, a newly joined Swedish manager, agrees that good working conditions and wages are very important, but also presents high job security as priority number one for many Chinese employees.

While Andersson states that the employees are very much involved and well-informed in her team, and that the communication in her team is very good, Ericsson (Project Manager) perceives the communication and the information-flow as inefficient: "They are often unwilling to share information with other people, leading to organizational inefficiency." To create an information-sharing and open environment is one of the biggest challenges according to Ericsson.

Andersson describes the Chinese employees as "extremely loyal". However, she says that they often need to be given highly detailed instructions; for the same work of which western employees only need a brief instruction. She recalls that when she first joined EF in China, the follow-ups were extremely time-consuming. The employees did not ask her for advices when problems occurred, which lead to many mistakes made: "We made unbelievably many mistakes in the beginning. The employees said that everything was fine when it wasn't." Furthermore, she stresses that as a leader, one needs to follow-up the employees in a different way in China.

EF offers various sales- and leadership courses in order to provide develop the employees. The company has a performance review system, which is rewarding high-performing employees with higher wages. The system is based on performance and achievements rather than the number of years the employees have spent at EF.

Employees' view

Promotion & growth, interesting work, good working conditions and good wages are selected as the four most significant motivators by the employees interviewed. One employee says: "I am really motivated by my work, my current project is related to Corporate Social Responsibility, and I am personally very interested in this area. I feel that I want to go to work everyday." Another employee explains the importance of promotion & growth: "For young people here, the wages are less important. We realise that our knowledge from school is not enough; we need to practice and learn in real life. After this, we can go to a new level. Money comes later."

A HR-specialist says that the wages are in line with the market average. Further, she states that job security has little importance: "At the moment high job security is not the most important factor for the young generation. They are more selfish and want to do something they really enjoy." She claims that apart from wages, promotion & growth are essential as the young generation views learning and personal development as "an investment for the future". According to the HR-specialist, the biggest leadership challenge foreign managers meet is the passivity of their Chinese subordinates: "Chinese people don't say things directly, such as problems with their supervisors and colleagues. They will endure and endure until they can't endure anymore. This is not specific for EF." In general, Chinese employees prefer to avoid confrontation and discussing problems with their superiors: "Many Chinese employees will easily get comfortable with their current situation; many do a good job, but not an excellent job. The leaders have to push them further." She says that the HR department tries to speak informally with employees about this issue: "We use to have lunch with our employees and approach to them as their friends."

Two employees mention that the promotion & growth opportunities and career planning at EF are not very clear, and that they would be more motivated if these measures are improved. One of them explains: "They tell you what skills you need to develop in the annual review, but they don't tell you whether they intend to train to you a manager or not. Sometimes you don't have a goal to achieve, which is confusing. If I knew where I am heading, I will work very hard for that." When asking the question "Do you know what you need to do in order to get promoted?" to another employee, she hesitates: "Maybe I need to go through my reviews again and ask my boss." Employees also mention that they wish an increase in their fixed salaries.

ORGANIZATIONAL CULTURE & LEADERSHIP

Managers' view

Andersson says that EF is a relatively flat organization. She thinks that her team is young, entrepreneurial and creative, with informal communication and team work orientation. She describes her leadership style as "very Swedish", and explains: "The team says that I am the manager, but I want to be one of the team." However, she has noticed the culture differs internally between the departments and that some teams' cultures are more American. Andersson has seen a fast improvement in her team in terms of employee development and initiative-taking. She encourages the employees to talk to her when problems arise. She says enthusiastically: "By encouraging the employees to talk to me anytime they want, we have developed to a highly efficient team with open communication. We have also built up high mutual trust and a great relationship which is absolutely fantastic."

Ericsson clearly points out that there is still a lack of information-sharing and communication within the company: "If no information is shared, it is hard to see the goal and therefore hard to know which direction to go. Sometimes I receive information too late, making it too difficult to solve the problem." He suggests that the Swedish coffee breaks should be introduced here in China, in order to stimulate informal communication. In addition, he believes that the company could create an

extraordinarily motivating company culture with open meetings, where everyone can offer suggestions and be involved.

Employees' view

The employees' description of the company culture is quite similar to the manager's view. The words flexible, flat and team work-oriented are used, as well as the company's core value: "Nothing is impossible." The employees enjoy the culture which supports entrepreneurship, risk-taking, and the fact that the managers involve their subordinates in decision-making processes. They state that their superiors have high confidence on them when delegating a task. The HR-specialist holds that Swedish leadership style is very much appreciated by the employees. The employees have flexibility to choose how to achieve a target. She says that the company realises the significance of good leadership and offer various leadership trainings for all the managers.

The HR-specialist says that the company's culture compensates for the lower wages. She describes the culture as a "typical Swedish company", open, relaxed with open communication and very professional managers. She further stresses the strategic significance of finding people who fit the company culture: "In the recruitment process, the candidates are evaluated against three measures: cultural fit, ability and potential. Culture is very important for us, if a candidate shows good ability but doesn't fit EF in terms of culture, we will not hire that person."

However, the employees say that discipline and control are also needed since the company is growing quickly. One employee argues that faster decision-makings are important: "The leaders should look at bigger pictures and not details every time." An employee says that the current information flow is slow and the information is not perfectly passed down, thus better information channels are needed. Another employee believes that the managers need to improve their communication skills: "Sometimes the managers change their mind too frequently. If they change their decision, they should keep their staff informed; otherwise our efforts will become wasteful."

4.3. Summary of results

4.3.1. Top-ranked motivational factors

Table 3 below summarizes the three most important motivational factors according to Swedish managers and non-managerial employees in each company. A comparison analysis between Swedish managers' view and Chinese employee's view on employee motivation is performed and the results are discussed in Chapter 5.






Company										
	Swedish managers	Non-managerial employees	Swedish managers	Non-managerial employees	Swedish managers	Non-managerial employees	Swedish managers	Non-managerial employees	Swedish managers	Non-managerial employees
Three most important motivators (1=most important)	1. Promotion & growth in my skills within the organization 2. Good Wages 3. Personal loyalty to employees from superiors and the organization	1. Interesting work 2. Good Wages/ Promotion & growth in my skills within the organization	1. Interesting work 2. Promotion & growth in my skills within the organization 3. Good wages	1. Good working conditions 2. A feeling of being 'in on things', being well informed and involved 3. Good wages	1. Good Wages 2. Full appreciation of work done- others show appreciation of my work 3. Promotion & growth in my skills within the organization	1. Interesting work 2. Personal loyalty to employees from superiors and the organization 3. Good working conditions	1. Personal loyalty to employees from superiors and the organization 2. Good wages 3. Interesting work	1. Interesting work 2. A feeling of being 'in on things', being well informed and involved 3. Good wages	1. Good working conditions 2. Good wages 3. Promotion & growth in my skills within the organization	1. Promotion & growth in my skills within the organization 2. Interesting work 3. Good wages/ Good working conditions

Table 3. The three most important motivational factors

4.3.2. Summary of motivational factors from managerial interviews

Table 4 below summarizes the key findings from the managerial interviews in each company. The managers' view on what motivates their employees and the measures each company is taking in order to enhance employee motivation are listed. These findings are discussed in Chapter 5.




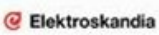

Company					
Work motivation	<ul style="list-style-type: none"> •Promotion & growth key for employee motivation and retention, SKF Campus in Shanghai, IDP •Personal relationship and respect more important in China •Working conditions less important in China •Employees have the chance to give feedback through Working Climate Analysis 	<ul style="list-style-type: none"> •"Wages always the most or second most important factor for Chinese." •Employees willing to accept lower wages if good development opportunities are provided •Company brand and reputation important 	<ul style="list-style-type: none"> •Wages and appreciation at work important •Young employees demand promotion & growth •Offers good development opportunities to attract and motivate young people •Convenient location important •Job-rotation in order to develop skills and make the job more interesting 	<ul style="list-style-type: none"> •Important for employees to have good relationships with their superiors •Wages symbols for status, offers better wages due to the lack of well-known brand name •Young employees do not prioritize job security •Promotion symbol for status: "We try to satisfy this need by creating more titles." 	<ul style="list-style-type: none"> •"Good working conditions make employees enjoy their jobs." •"Young people views personal development as an investment for the future" •Offers various trainings with the aim to provide promotion & growth opportunities
Organizational Culture & Leadership	<ul style="list-style-type: none"> •Core values: High ethics, Empowerment, Openness & Teamwork •"Flat and empowering Swedish culture which encourages discussions around decisions" • Attract people enjoying such environments •Managers encourage employees to give suggestions and ask questions •Regular individual follow-ups, one-to-one meetings •Clear goal-setting, guidelines and feedback •Face-to-face communication •Employees have the chance to give feedback through Working Climate Analysis 	<ul style="list-style-type: none"> •Flat, open with good information flow •Non-hierarchical and empowering culture •Mutual trust one of the cornerstones • Managers encourage employees to take initiatives, suggest improvements and make own decisions • Managers place high trust on subordinates • Mistakes are allowed if the employee can learn from the mistake 	<ul style="list-style-type: none"> •Culture as unique competitive advantage •People-oriented & result-oriented •Good communication channels, newsletters, magazines & communication boards •Employees have the chance to give feedback through Volvo Group Attitude Survey •Encourage internal suggestions and provide feedbacks •GM reviews suggestions monthly and reward valuable suggestions •Focus on communication •Delegate responsibility with high trust 	<ul style="list-style-type: none"> •Many organizational levels due to the need of titles •Forgiving culture with little punishments •Poor information flow •"Completely different HR-issues in China comparing to Sweden" •Aims at creating strong leadership & good relationships with the employees •GM arranges larger information meetings and practices "management by walking around" 	<ul style="list-style-type: none"> •Open, relaxed culture with informal communication •Flat organization, young & team-work oriented •Focus on leadership, provide leadership trainings for all managers •Managers encourage employees to confront problems and aim at creating mutual trust & respect •Employees are given flexibility to choose how to achieve targets

Table 4. Summary of motivational factors from managerial interviews

4.3.3. Summary of motivational factors from non-managerial interviews

Table 5 below summarizes the key findings from the non-managerial interviews in each company. The employees' view on motivational factors, the effectiveness of their respective organizational culture and their superiors' leadership style are listed. These results are discussed in Chapter 5.






Company					
Work motivation	<ul style="list-style-type: none"> • Interesting work important for employee motivation and retention • Promotion & growth important partly due to face • Wages important due to increasing price level • Employees perceive IDP positively 	<ul style="list-style-type: none"> • Good working conditions important because "it makes you feel comfortable while working" • Important to be well informed and involved, Atlas Copco's database is highly valued • Convenient location important factor • Trainings and other development opportunities greatly appreciated 	<ul style="list-style-type: none"> • Interesting work has greatest impact on motivation "If your work is not interesting, there is no way you can do a good job." • Job security not important for young employees • Personal loyalty to employees from superiors and good relationship to superiors important 	<ul style="list-style-type: none"> • Interesting work is the most important motivator • Being 'in on things' is important because "it makes you feel that you are valuable for the company." • The importance of wages and its link to social status is confirmed 	<ul style="list-style-type: none"> • Promotion & growth and interesting work are particularly important for motivation • Employees demand clearer career planning and promotion & growth opportunities "If I knew where I am heading, I will work very hard for that"
Organizational Culture & Leadership	<ul style="list-style-type: none"> • Employees appreciate the open, democratic and empowering culture • Many are attracted to the people-oriented culture • Swedish leaders are perceived to be more transparent and delegate responsibilities with trust • Non-managerial employees are feel encouraged to take responsibilities • Employees demand higher speed of decision-making 	<ul style="list-style-type: none"> • Company culture and leadership style clearly pointed out as important motivators and reasons to stay • Employees feel well treated, respected and highly trusted by their superiors • Support from management important factor for motivation 	<ul style="list-style-type: none"> • Company culture and leadership style greatly appreciated • Employees feel strongly motivated by the management • Good information flow and open atmosphere highly valued • Dissatisfaction regarding the GM's "kind" attitude towards mistakes 	<ul style="list-style-type: none"> • Employees highly satisfied with the company culture and leadership style • The fact that managers treat all staff equally regardless titles is appreciated • Employees feel highly involved, trusted and are pushed to give suggestions • Swedish managers need to give clearer job descriptions and direct orders 	<ul style="list-style-type: none"> • Employees enjoy the flat & flexible culture which supports entrepreneurship • More discipline and control are needed, as well as faster decision-making processes • Information flow needs to be improved and better information channels are needed • Managers need to improve their communication skills

Table 5. Summary of motivational factors from non-managerial interviews

4.3.4. Overview of top-five motivational factors

Table 6 provides an overview of the five most important motivational factors on employee motivation according to non-managerial employees, managers and total interviewees, i.e. both managers and non-managerial employees. The table shows that interesting work is the most important factor according to the employees, whilst managers believe that their subordinates are best motivated by good wages. These results are discussed in Chapter 5.

Employees	Managers	Total
1. Interesting work	1. Good wages	1. Good wages
2. Promotion & Growth	2. Promotion & Growth	2. Interesting work
3. Good wages	3. Interesting work	3. Promotion & Growth
4. Good working conditions	4. Full appreciation of work done- others show appreciation of my work	4. Full appreciation of work done- others show appreciation of my work
5. A feeling of being 'in on things', being well informed and involved	5. Good working conditions	5. Good working conditions

Table 6. Overview of top-five motivational factors

5. Analysis and Discussion

In this chapter, the empirical data from the company case-studies will be analyzed and the most interesting findings discussed in order to answer the research questions.

5.1. Company case analysis

5.1.1. Work Motivation

Many companies indicate that work motivation is one of the greatest leadership challenges in China. Andrén also confirms this picture and points out that motivating Chinese employees to take more responsibilities and communicate more in terms of providing suggestions, sharing information and ask questions is very difficult. He says that the Chinese history has shown that there is a risk of taking responsibility, due to the fact that mistakes are directly linked with punishments, which should imply that Chinese people are averse towards taking responsibility. However, he argues that the new generation Chinese has a fundamentally different mindset since they have not experienced the history.

Managers' perspective

The managers participated in this study believe that *Good wages*, *Promotion & Growth* and *Interesting work* are the most important motivators. Wages are considered to be one of the absolutely most crucial factors for Chinese employees by the majority of the company leaders, without further reflections on the reasons behind. The belief that wages are the most important factor is in line with Maslow's Need theory. Maslow's Need Hierarchy implies that wages are far more important in China than in Sweden, due to the lower living standard and the less developed welfare measures in China today. This belief is supported by Fey (2005), finding that Russian employees in comparison to Swedish employees are at a lower level of the needs hierarchy, and therefore more motivated by good wages. However, the managers' rankings indicate that they do not value the importance of Herzberg's intrinsic factors on motivation. Wages are somehow taken for granted by the Swedish managers as the most influential factor in China. Elektroskandia's Alsén argues that wages are symbols for status and therefore important in China. The statement adds another dimension to the traditional explanation to the significance of wages. This explanation is not consistent with Maslow's needs hierarchy, suggesting that wages are important because they represent the key for achieving basic needs for Chinese employees, not for the higher needs such as prestige and status in society. Here, it is worth mentioning that wages contain both a fixed part, i.e. monthly salary, and a variable part, i.e. bonus. Most managers have not indicated any difference of the type of monetary compensation provided, however, Elektroskandia's Alsén mentions that he sometimes notices certain dissatisfaction among some employees when the increase in monetary compensation is allocated to bonus instead of fixed salary, irrespective of the equally large amount of money allocated. Thus, there seems to be a difference between fixed and variable compensation in terms of effects on employee motivation. This aspect is further discussed in the next section in order to compare with employees' view. According to Andrén, although many studies and books have been published in this area, claiming that wages are not the most important factor based on interviews with Chinese employees, wages are still the most important factor. The fact that it is against the Chinese culture to articulate the substance of money could explain the mentioned studies' results, he argues.

Interestingly, most of the companies interviewed demonstrate an extreme similarity in terms of the level of wages, offering wages that do not belong to the highest segment in the market. For example, EF and Volvo describe their wages level as "in line with market average"; Atlas Copco says they offer wages that are "slightly above the middle segment", whereas SKF expressed their wages as "not top-ranked in comparison to U.S. firms". Thus, the fact that wages are in line with the market average could be interpreted as a part of the Swedish corporate culture. Again, Elektroskandia sticks out here, being the only company claiming that they offer better wages than the market, as they need to compensate for their relatively unknown brand name.

The managers interviewed all acknowledge the importance of wages in China. As several managers indicated, wages seem also to be the main reason why they have failed with retaining some employees in the past. However, it is astonishing that there is a clear discrepancy between what the companies *offer* and what the companies *believe* the employee want. As indicated by some managers, a main reason for this phenomenon could be that the companies do not have the strategy to compete with the U.S. firms which provide top-ranked wages in the market, and that this does not fit the organizational culture. It seems that higher wages are connected with the U.S. culture with high internal competition and result-orientation, which is not desirable for many Swedish companies. The Swedish companies seem to focus on attracting certain kind of people in order to maintain their organizational cultures as they emphasize on recruiting and retain the *right* people. For example, Jernberg argues for retaining the *right* people rather than the *best* people, in contrast to some U.S. firms. Moreover, the Swedish companies often offer attractive benefits, such as medical insurance and housing allowances.

Nevertheless, the next most important motivator chosen by the majority of the companies, *Promotion & Growth*, may be the explanation to why Swedish companies remain attractive albeit the level of wages. Managers state that promotion & growth is important because the Chinese employees are in general very young, in comparison to the average age in the same company in Sweden, viewing learning and personal development as “an investment for the future”, leading to higher demand on promotion & growth. Another possible reason to the importance of promotion & growth is believed to be the Chinese employees’ need of title, which is apart from good wages another sign for status in the society. The findings show quite clearly that the companies try to compensate the lower wages by providing extensive employee development opportunities, as Rannisto at Atlas Copco explains: “Employees are willing to accept lower wages if they are aware of the development opportunities we offer.” This fact is also supported by Andrén at Handelsbanken, who himself finances expensive MBA educations as a recompense to the wages in order to motivate and retain key employees. Hence, offering attractive promotion & growth opportunities seems to be another characteristic for the Swedish corporate culture, focusing on employee development and growth.

Most of the companies interviewed pay great attention to employee development. SKF has started the SKF campus in Shanghai as a base for internal trainings. SKF has a well-developed and formal employee development program named *Individual Development Plan*, providing employees training opportunities every week, holding individual development meetings annually addressing key areas for improvement and setting goals for the coming year, as well as discussing the career path. The individual goal-settings are made even clearer as the employees receive an individual development plan based on the meeting. The employees are encouraged to communicate their personal goals for the long-term, and to develop continuously by receiving trainings and taking on new responsibilities.

Among the five companies interviewed, four companies have unofficial tools for the purpose of employee development. Volvo discusses individual development needs with the employees as much as possible, providing support and offering more job responsibilities to employees whom wish to develop, in order to make them grow and advance to the next level. Atlas Copco provides employees trainings and opportunities to travel abroad in order to gain more international experiences. Atlas Copco has annual meetings with individual employees for discussing their promotion & growth opportunities and setting goals which are linked to bonus. Elektroskandia focuses on coaching and training employees in their career development, as well as assigning mentors for individuals. Elektroskandia offers extensive promotion opportunities with the additional purpose of satisfying the employees’ need of titles. EF provides various skills-courses and works with a relaxed approach by continuously having informal meetings with employees in order to get more input from employees and provide them feedback. Extensive promotion & growth opportunities are also used by several companies as a mean to attract and motivate young people.

Interesting work is presented as the third most essential motivational factor by the managers. Elektroskandia realises that interesting work is particularly important for young people, and strives to provide as interesting work as possible. Volvo offers employees job rotations within the company, in order to make the work itself more interesting and develop the employees further. EF assigns a rather low importance on interesting work, but emphasizes more on good working conditions, making employees enjoy their jobs.

Employees' perspective

Before discussing the rankings made by the employees, it is worth mentioning that one should not only pay attention to the absolute rankings of the motivational factors. The contrast between what the employees believe motivate themselves and what their superiors believe motivate them is more interesting. The employees participated in this study rank *Interesting work*, *Promotion & Growth* and *Good wages* as the three most important motivators. Surprisingly, high job security is ranked as the least important motivators by the majority of the participants, albeit it is usually associated with the traditional Chinese values. Interestingly, while this indicates a relatively low uncertainty avoidance in China, the difficulties with motivating employees to take responsibilities and make own decisions imply high uncertainty avoidance.

Although there is a certain consistency between the managers' and the employees' views on the top three employee motivators, the level of wages seems to have less importance than what the managers interviewed expected. Surprisingly, interesting work seems to be the most important factor according to the employees, followed by promotion & growth opportunities. One reason could be that interesting work and promotion & growth are particularly important for young people as the employees at the companies are in general quite young. A majority of the employees participated in this study finds their work interesting and challenging, and expresses that this is the main driver to their work motivation. Personal interest for the job seems to also have a positive impact on work motivation. These findings are consistent with the theories of intrinsic motivation, suggesting that factors such as the work itself, advancement, recognition and responsibility lead to motivation and satisfaction (Herzberg, 1959; Amabile, 1993, 1997). Furthermore, if we believe that Chinese employees are at lower level of needs hierarchy and are driven by basic needs, then Maslow's needs hierarchy is not supported here.

The employees are generally satisfied with the development opportunities their respective employers offer. Well-structured employee development programs seem to have a certain motivating effect on employees. Employees at SKF have explicitly expressed their contentment with the Individual Development Program which clarifies their individual career path. Although Atlas Copco, Volvo and Elektroskandia do not have many official employee development programs, the employees still seem to be quite content with their current development opportunities. Consequently, both formal and informal employee development programs seem to have positive impact on work motivation. Therefore, the fact that companies offer promotion & growth opportunities seems to have fairly high impact on employee motivation, which is again in line with the theory of intrinsic motivation. Moreover, the clearer the goals for individual career development are set, the more motivated the employees seem to be. Some employees at EF express a slightly dissatisfaction with the informal employee development measures and state that they would feel more motivated and work harder if they were provided with clearer career planning and well-defined promotion & growth opportunities. Employees at Atlas Copco point out that understanding the company's intention for their future and the areas they need to improve in order to achieve the personal goals highly motivates them to perform better. To sum up, the fast development and growth of the Chinese market leading to increased demand on employee competence and the young age of average employee seem to be the main reasons to the importance of promotion & growth. In addition, the statement that promotion & growth is linked to status and *face* in China are confirmed by many employees. *Face* is a traditional East Asian concept referring to social perceptions of a person's prestige and reputation, suggesting

that a person always strives to maintain or save face, even if they have to lie and hide the truth in order to avoid losing face.

The employees interviewed attribute a certain importance to wages as motivational factor. According to the employees interviewed, wages are important partly due to the increasing price level in China, partly due to the fact that wages are linked to societal status. As discussed earlier, this explanation is not consistent with Maslow's needs hierarchy, which implies that wages are important because they represent the key for achieving basic needs, not for the higher needs such as face and status in society. Needs theory indicates that Chinese employees, who are at lower level of the need hierarchy, should be best motivated by good wages. In the previous section, a difference of *fixed* and *variable* compensation on employee motivation is also noticed. From the interviews, employees seem to assign a greater importance on fixed salary rather than bonus, thus, fixed salary has arguably greater impact on employee motivation. This argument is supported by the following three facts: firstly, *uncertainty avoidance* tends to be high among Chinese (Chimezie, Osigweh, & Huo, 1993), indicating that fixed wages reduces risk and volatility in the level of monetary compensation received; secondly, Chinese people tend to have high *external locus-of-control*, as Chinese culture believes in destiny, attributing happenings and consequences to external factors which individuals cannot control (Jackson & Bak, 282), thus predetermined wages should be preferred rather than bonus based on performance; thirdly, as many employees indicate, *face and status* are highly important in China, and that fixed wages which are foreseeable are symbols for status. Thus, although several employees indicate that both fixed wages and bonus count, they would perhaps prefer higher fixed wages rather than higher bonus if they are given the possibility to choose. Moreover, the managers' belief that lower wages could be compensated by better promotion & development opportunities and more interesting work content seems to be true, as some employees explicitly state that they would not accept a monotonous job or a job with limited development opportunities even if the wages are higher. Thus, wages seem to be less important than what the needs hierarchy indicates. Benefits such as health insurance and employee trainings seem to be significant motivators as many employees underline their importance.

From the employee interviews, the factors *Good working conditions*, *Being 'in on things'*, *Personal loyalty to employees from superiors and organization*, and *Full appreciation at work* also seem to have positive effects on work motivation. These factors seem to be linked with each other and represent "soft" values. Many employees define good working conditions not only by the physical environment, but also as the overall atmosphere, such as that getting recognition and appreciation at work, being well-informed and involved in the organization, as well as getting respect and trust from the superiors. Thus, one could argue that combined together, these factors are important for Chinese workers, representing the employees' needs of soft, intrinsic values. Therefore, Herzberg's theory (1959) suggesting that working conditions are purely a hygiene factor might not be true here.

Looking at the results from the non-managerial interviews, the fact that the Chinese employees interviewed value factors such as *interesting work* and *promotion & growth* highest, whilst the factor *job security* which is traditionally associated with Chinese values lowest is very interesting. This result could be explained by three reasons: Firstly, the Chinese employees interviewed are in general relatively young, reflecting the average age in these companies. Thus one may argue that it is likely that the young generation has another preference in comparison with the old generation in China, which has experienced tougher living conditions. Secondly, the companies participated in this study are situated in Shanghai, one of the most modern cities in China, attracting many Western companies. It is likely that a person from a more westernized region in China could have significantly different values in comparison to a person from another region in China. Thirdly, the Swedish companies participated in this study emphasize their company culture and are aware of recruiting and retaining employees who fit the company culture. Likewise, a certain personality could be attracted to a certain culture. Thus it is probable that Chinese employees at Swedish companies are more motivated by other values than the traditional Chinese values.

5.1.2. Other motivational factors

Company brand is another motivational factor pointed out by some managers and employees. A large and successful company with a well-known brand represents excellent employee development & promotion opportunities and promising future career prospects. A famous company brand seems to be an acceptable substitute for wages according to the managers and employees interviewed. As many people are young among the Chinese employees at Swedish companies, the company brand serves as a quality mark which is useful for their future careers. Thus, lack of such company brands implies that better wages and more promotion & growth opportunities are needed, which is the case with Elektroskandia.

Convenient location is also a factor mentioned by several interviewees, who describe an ideal location as a location both close to the city centre and close to home. Interestingly, this factor appears to be far more important in China than it seems to be in Sweden. Andrén and Fransson also acknowledge this factor. The simple rationale is that employees prefer to work at a convenient location, which is close to home, providing a better work-life balance and a positive attitude towards work. Another possible explanation to the importance of convenient location in China is that Chinese culture emphasizes *Ren Qi*, which could be translated to *human energy*, indicating that living in the city centre full of activities is highly valued by many Chinese people. Swedes, on the other hand, are widely known for their interest for nature and outdoor activities, thus many prefer living in houses close to nature. Further, the better developed infrastructure and the higher degree of car-ownership in Sweden may decrease the importance of living close to work and the city centre.

5.1.3. Organizational Culture & Leadership

As discussed in previous section, some values are shown to have positive impact on work motivation according to the employees interviewed. Likewise, the organizational culture and leadership style which generate and enhance such values are shown to be important. All companies interviewed consider organizational culture as one of the most important tools to motivate their employees. The findings support existing theories suggesting that organizational culture and leadership style are important dimensions for work motivation.

Managers' perspective

Even though the companies interviewed have different core values, the organizational cultures are extremely alike, containing common features such as openness, trustfulness and respectfulness. Most managers claim that they try to keep the Swedish heritage and management practices in China.

All five companies emphasize the importance of organizational culture & leadership and indicate that these dimensions are one of their key measures used to motivate their employees. Some managers have explicitly pointed out the organizational culture & leadership as a part of the Human Resource strategy. It turns out to be quite clear that the companies are using culture as a management tool, in line with the theory (Ogbonna & Harris, 1998). Among the companies interviewed, two companies, SKF and Volvo, have formal tools for measuring and evaluating essential elements of work motivation, organizational culture and top-management, with the aim to improve employee satisfaction and motivation. SKF and Volvo conduct yearly surveys named *Working Climate Analysis* respective *Volvo Group Attitude Survey*. The managers claim that the surveys are extremely efficient tools for strengthening organizational culture and enhancing employee motivation. Volvo, for example, has seen the positive effects of using such employee surveys, having achieved extraordinarily high employee satisfaction index last year.

A part of the work in maintaining a certain organizational culture is to recruit the “right” people. EF has a rigorous recruitment process accessing and evaluating the candidates’ personal fit with the company culture. Elektroskandia assigns strategic importance to employee recruitment, development and retention. Atlas Copco and Volvo has an explicit recruitment strategy which is that they only recruit graduates from universities, partly in order to avoid the fierce war for talent (Chambers,

1998), partly in order to educate their own personnel with the same mindset and avoid inefficiencies due to cultural clash. In order to promote and maintain the organizational culture, most companies work actively on involving new employees into the organization and provide them information and trainings in a very early stage. For example, SKF and Elektroskandia arrange training programmes and mentorship for all their new-hires, introducing the company culture, core values and history.

The managers seem to work dynamically with promoting their respective company culture towards employees and implementing the company culture in their management practices. They encourage their subordinates to take responsibilities, give suggestions, delegate responsibilities with high trust, support employees and provide individual follow-ups and feedbacks. In order to encourage employee involvement, Rimaz at Volvo has implemented a reward system providing monetary incentives to employees who make valuable suggestions. Further, some managers suggest that individual meetings with employees are more efficient than group meetings as employees are more likely to share thoughts and feelings with their superiors. Another noteworthy feature of the Swedish leadership style found in this study is the forgiveness to mistakes, aiming to encourage employees to make their own decisions without being afraid of making mistakes and thus getting punishments.

According to the managers, the main leadership challenges in China are employee empowerment, low level of employee involvement, and difficulties in communication. These issues indicate that the uncertainty avoidance in China is fairly high, in contrast to what the Hong Kong proxy indicates. Managers at Elektroskandia and EF also experience a lack of information-sharing among the Chinese employees. The managers show a high awareness of existing problems but are confident with handling the difficulties through strong and supportive leaderships and say that they observe a clear improvement day by day.

Employees' perspective

Having employees that share the same value as the company and enjoy the company culture seems to be an efficient motivator itself. A majority of the employees interviewed state that they highly appreciate and enjoy working in their respective companies thanks to their pleasant company cultures. No employee interviewed doubt that their company cultures have a positive effect on their work motivation.

Many employees compare the Swedish company culture with their previous employers, often Japanese or Korean companies, with extremely hierarchical organizational structure and little respect for employees on lower level. A majority states that they feel motivated by the positive attitudes of their managers, encouraging them to become involved in the organization. The people-oriented culture with high mutual respect and trust are pointed out as a vital motivator. Most employees find that the level of respect is extremely high and their superiors show full respect to *all* employees within their respective organization, including employees from the lowest level such as drivers and cleaners. The employee motivation seems to increase when the top management involve them in the decision-making process and discuss problem solutions with them, making them feel well treated and valuable. The finding of the positive effect of employee respect is also supported by Kerr & Slocum (1987).

Many employees also claim that they feel confident with making own decisions and taking new responsibilities. They highly appreciate the continuous encouragement and support from the top management. The relationship with their superiors are claimed to be very good and employees highly value the possibility to be able to speak with their managers anytime they wish. The relationship with superiors and match in personalities seems to be important for motivation, even more important than in Sweden, as many employees emphasize that the personal relations with their managers as a source of motivation. This phenomenon could be explained by the fact that work has a greater importance in China comparing to western countries, as work is a central concept in communism. Thus, working relations with other people are vital. In all the companies interviewed, employees

seem to be very satisfied in terms of the personal relationship with their superiors, which indicates that the Swedish managers are quite successful in China. The Swedish leadership style comprises many features similar to the characteristics described for transformational or charismatic leadership, such as open, flexible, trustful, respectful and empowering (e.g. Kark & van Dijk, 2007). Thus, the findings indicate a positive correlation between Swedish leadership style and employee motivation. Employees with previous experiences from other foreign company cultures claim that the Swedish culture and management motivates them the most. Hence, the findings imply that the features of Swedish culture and leadership style such as respectfulness and openness are particularly applicable in China, and should be used as a competitive advantage towards the competitors in the market.

However, many employees have expressed a certain frustration in some cases when decisions need to be made quickly in order to respond to the fast growing Chinese market. Apart from the desire among the employees to improve the speed in the organization's decision-making process, the "kindness" of the top management has also been pointed out as a potential problem. Some employees have expressed discontent regarding their superiors being too forgiving, arguing that this results in less discipline within the organization- simply due to the fact that mistakes do not lead to consequences. This is an interesting aspect which is discussed further in section 5.1.3.

5.1.4. A pattern of diverging views

Motivational factors

How come that managers place *Good wages* at the top of the ranking list, whilst employees place *Interesting work* as the top of the list? Managers seem to take this factor for granted, ignoring the theories of intrinsic motivation. Although some managers admit that they are aware of the results from surveys conducted in China showing that wages are not the most important factor, they still seem to be reluctant to take part of these results. One reason supporting managers' belief is the fact that due to China's tradition of Confucianism and the influence from the history of communism, it is undesirable to articulate the importance of money, potentially leading to interesting work emerges as a sound alternative which employees pay lip service to. The fact that several employees were hesitant to say whether they find their current wages satisfying or not could illustrate this argument. However, such assumptions could be dangerous in the long run, since employees might understand their own preferences better than their superiors. A reason to why managers believe in wages could be that the factor is more concrete and quantifiable, thus easier to define and easier to handle, especially for those who lack superior leadership skills. Furthermore, McClelland (1985a, 1985b, 1972) suggests that leaders are often high achievers and appreciate tangible measures such as monetary rewards, which clearly reflects their contribution. Hence, managers are likely to choose wages as they are often motivated by this factor themselves. Kovach (1980) describes such phenomenon as *self-reference*, referring to people practicing behavioural patterns which are in line with their own belief. Such reasoning is inaccurate as theories indicate that individuals are motivated by different factors (Maslow, 1954; McClelland, 1985a, 1985b). Hence, without judging who has the right answer, I argue that when dealing with employee motivation, managers should be aware of the fact that they are different from their subordinates in terms of level of the needs hierarchy, as well as interest and standard of living. Thus, what motivates the managers themselves is not necessarily the same as what motivates their subordinates.

The employees value interesting work and promotion & growth higher than good wages. Are employees in China more motivated by intrinsic needs and not interested in monetary rewards? One may argue that this is not in line with the common belief that the lower the level of employee, the more important wages are than interesting work. While one could argue that needs hierarchy might not be applicable in China, it is possible to discuss whether the assumption that the Chinese workers are at a lower level of the needs hierarchy is true for Chinese workers at Swedish companies, as the purpose of this study is to provide more insights for Swedish companies in China. The employees interviewed are fairly homogenous in terms of age and educational background, and they are arguably

representatives for employees in many Swedish companies present in major Chinese cities. Perhaps they have reached the level of wages which is enough for satisfying the basic needs. In that case it is not so strange that the Chinese employees prefer interesting work and personal development, as these are the needs further upon the hierarchy which have to be satisfied. Likewise, employees who receive wages below average would arguably prefer good wages rather than interesting work; however, this group of workers seems not to be representative for the majority Chinese employees at Swedish companies. Recent studies have shown that Chinese people belong to one of the most economical populations in the world, mainly due to the undeveloped social security and high medical expenses (Petersson, 2009). One could argue that as the employees at Swedish companies are often provided medical insurances as a part of the benefit package, they do not need to worry about saving for the future, and thus wages become less important. Further, as the employees are young and have arguably no family to support, the importance of wages is lower. These arguments also support the fact that the employees at Swedish companies are actually at a higher level of the needs hierarchy.

If we assume that interesting work is the most important motivational factor, the employees should be very motivated to work as a majority claims that they find their job interesting and challenging. How could we then explain the fact that managers still find work motivation a problem in China? Similarly, employees highly value promotion & growth opportunities, which are something both the employees and their employers claim their companies are very good at, how could we explain that managers are yet looking for effective ways to motivate employees?

Considering the contradiction above, there is probably no correct answer to this question. Being slightly speculative, I argue that identifying the correct motivational factors is not the entire solution. By purely providing interesting work or good development opportunities might be positive for employee motivation. However, it seems not to be enough. Managers need to combine this with appropriate management, i.e. the effect on motivation is likely higher if the motivational factors are provided in a way which is encouraging and motivating. By simply offering promotion & growth opportunities might not be motivating itself unless they are presented to each individual employee in a motivating way; empowerment and trust might not be motivating without constructive feedback and support. Thus, different motivational factors are arguably most efficient when combined with each other and with matching management practices. Further, there should ideally be a fit between motivators and individuals, in line with the idea of McClelland (1985a, 1985b), e.g. a task that is interesting for one person might not be equally interesting and motivating for another person; a person who is motivated by promotion & growth might not be equally motivated by interesting work.

Organizational Culture & Leadership

Most managers consider the Swedish organizational culture & leadership highly motivating in China. Without denying that the Swedish culture and leadership style is in general quite successful in China, I argue that some characteristics may not be applicable in China as back home in Sweden, namely *non-punitiveness* and *consensus-orientation*. Employees from different companies have mentioned their superiors being too forgiving when it comes to employees making mistakes. Managers with Swedish mindset often prefer to position themselves as a member of the team rather than the highest decision-maker in the organization. This issue seems to be a common problem within Swedish organizations. The employees argue that the forgiveness of their superiors leads to low level discipline within the organization and a culture where people do not take responsibility for their job, as they know that they would not be punished for their mistakes. Moreover, while all managers stress the importance of involving employees in the decision-making processes through numerous meetings and discussions, they seem to have missed the potential negative effects when implementing the Swedish organizational culture in China. Employees from different organizations have expressed disappointment regarding the speed of some decision-makings, as most Swedish managers wish to involve all employees into discussion and try to reach a consensus rather than making top-down decisions. This is reasonable as such processes are time-consuming and possibly

inefficient in the rapidly changing Chinese market. Thus, there is a *trade-off* between involvement and efficiency. Furthermore, one could argue that Chinese employees are likely to have little experience of working in participative and empowered environments as the Chinese school does not encourage this, and when given such responsibilities, frustrations emerge. While some managers realise the potential problem with them being too “kind and soft”, no manager has noticed the employees’ frustration towards the process of “discussions around decisions”. This is an important finding which managers should be made aware of. Perhaps the consensus-driven management practices need to be modified in order to become more time-efficient and better adapt to the emerging Chinese market. To sum up, both features discussed above may cause organizational inefficiency in China. Hence, in order to better adapt to the dynamic Chinese context, companies’ culture and leadership style should be modified in terms of speed of decision-making and organizational discipline.

Interestingly, while the Swedish managers consider empowerment i.e. motivating employees on taking responsibilities, providing suggestions and solving problems proactively as one of the greatest challenges in China, their subordinates give a completely different picture, claiming that they have no problem at all with this issue. While many managers believe that employees are afraid of making mistakes and subsequently being punished, the employees state that they have no problem with making own decisions without supervisors and taking on new responsibilities. Moreover, while managers point out that there are often communication difficulties due to language and cultural barriers, very few of the employees have even mentioned this problem. In other words, the employees often indicate a much more positive situation than their superiors do. This phenomenon reminds one about the classic expression in China - *Ren*, which means *forbearance* implying that those who are able to tolerate and endure will be rewarded for their high level of kindness and discipline. The underlying rationale is that forbearance will help maintaining harmony and lasting relationships. This is also in line with the concept of *Face*, suggesting that a person should use all means in order to avoid losing face, even if it means hiding the truth. Further, Chinese communication practices, described as indirect, passive and subtle also support the phenomenon (O’Keefe & O’Keefe, 1997). Hence, Chinese employees are arguably adverse to confrontations; instead, they tend to hide problems as long as none brings up the issue, as a HR-specialist says: “They will endure and endure until they can’t endure anymore.” EF’s Andersson has also experienced this problem: “We made unbelievably many mistakes in the beginning. The employees said that everything was fine when it wasn’t.” Thus, leaders in China need to actively speak to their subordinates regarding these issues in order to discover and solve hidden issues in good time, as the probability that their subordinates confront problems with them is much smaller.

The new generation of Chinese employees

In order to pinpoint the uniqueness of employee motivation in China, one could compare the results with results from similar studies on motivation in Sweden. Fey’s finding (2005) indicates that Swedes are better motivated by interesting work, pleasant working environment and appreciation at work. Feedback is found to have a negative impact on motivation, as Swedes prefer to be empowered. The findings in my study indicate that perhaps Chinese employees are also motivated by similar factors as Swedes. However, goal-setting and feedback seem to have positive impact on Chinese employees, as opposed to Swedes (Fey, 2005).

Before drawing any overhasty conclusions, it is important to understand the reasons behind the results. One should keep in mind that same behaviours can be caused by different reasons. This fact can be illustrated with an extreme example taken from a conversation with my advisor Fey, who cited the example of the concept of *face masks* in Japan and the U.S. Face masks are used for hygienic reasons and are common in both Japan and the U.S., however, with different reasons. While people use face masks in the U.S. as they wish to protect themselves from air pollution and avoiding diseases, people in Japan use face mask when they have caught a cold, in order to avoid transmitting it to others. Likewise, one may question whether employees in China choose certain motivational factors due to the same reasons as westerners. For example, societal status and face turn out to be

much more important in China than in Sweden. Both promotion and wages seem to be symbols for status. Due to the young age of the majority of employees, promotion & growth are viewed as possibilities to reach higher wages and thus higher social status in the future, as an employee says: "Money comes later."

While a certain similarity between employee motivation in Sweden and in China could be found, differences still exist. As the analysis moves further, a pattern of the Chinese employees' motivation seems to become more and more visible. There is a great likeness between the Swedish companies in terms of their work force: they seem to deal with employees who are young and educated (as education and certain skills in English are important for working at foreign companies), representing the new generation of Chinese workers, who are no longer motivated by the same factors as their grand-parents once were. They are not afraid of making mistakes and getting punishments to the same extent as their grand-parents did, as they have not experienced the severe consequences of mistakes in the old China. Further, they are exposed to Western values thanks to the development of technology and globalization. Wages seem not to be the most important issue to the new Chinese generation once the basic level is achieved, perhaps due to the fact that they have not experienced poverty to the same extent as their grand-parents did, as a HR-specialist tells: "They are more selfish and want to do something they really enjoy." The discrepancy in mindset between the new generation and the old generation Chinese people could also be illustrated by a statement of a young Chinese woman cited by Petersson (2009): "My parents and I think totally different. When I think something is nice I will buy it if the price is reasonable. When they (the parents) want to buy clothes or other things they will think about the quality and the practical issue first. They barely buy anything at all. (...)When my parents grew up, they lived in poverty. They are used to get along with little money."

Traditional values such as job security, described as a hygiene factor by Herzberg, seem not to be important for either motivation or preventing dissatisfaction. Herzberg's motivational factors such as interesting work and promotion & growth are important, so important that they seem to be imperative for the new generation of Chinese employees, i.e. lack of these factors could lead to dissatisfaction. Thus, these factors could just as well be hygiene factors. Evidence to this could be found in the fact that many employees state that interesting work and promotion & growth are the primary reason for them to stay. At the same time, the employees do not prefer too high level of empowerment and always making own decisions without feedback, since they are strongly influenced by the Chinese culture in the way of communication and problem-solving as they have learnt this in the Chinese school, placing little value on creativity and independent decision-making. While the low ranking of job security indicates low uncertainty avoidance, leadership challenges such as empowerment suggest high uncertainty avoidance. The fact that the employees are positive to goal-setting and feedback which reduces uncertainty supports this argument. Moreover, although the Chinese employees seem to have external locus of control in line with the Chinese culture, they prefer intrinsic rewards such as interesting work. Thus, the new generation Chinese employees in Swedish companies demonstrate a high degree of complexity and seem to possess features from both Chinese and Western values. Consequently, this could be the reason behind the pattern of diverging views found in this study, and provides unique implications for the new generation of Chinese work force available for Swedish companies today. Therefore, motivational theories developed for the traditional Chinese employees should be applied with high degree of carefulness.

6. Conclusion and Implications

In this chapter, the answers to the three research questions are presented and the implications are discussed.

6.1. Research question 1

Which are the most important factors for motivating Chinese employees at Swedish companies in China?

A comparison of the rankings made by managers and employees respectively shows that managers' view of motivational factors is rather incorrect. Wages turn out to be the most important factor among all factors ranked by the managers, in contrast to the employees' view. Employees often tend to rank wages lower than their superiors do. The results show that wages are not the most important motivational factor for employees at Swedish companies in China. *Interesting work* and *Promotion & Growth* are shown to be more important than *Good wages* for Chinese employees at Swedish companies. In addition, the fixed part of wages seems to be more important than the variable part. While wages do have certain motivating effects and could not be viewed as hygiene factors, their importance seems to decrease when employees have reached a certain level of wages which is sufficient for satisfying the basic needs. Hence, the results suggest that wages are important for work motivation in China, but they need to be compensated by providing interesting work tasks and good promotion & development opportunities. Wages become more important if less interesting work tasks and limited development opportunities are provided. However, if no opportunities for interesting work or promotion & development are given, the employees will feel dissatisfied and thus unmotivated at work.

The findings suggest that apart from providing interesting work tasks by e.g. job rotation, companies can motivate employees by offering wide promotion & growth opportunities. Companies need to provide attractive employee development opportunities as well as structured, individual career planning with clear goal-setting for the employees in order to enhance work motivation. Motivational factors should ideally be combined with appropriate management practices, e.g. it is not enough only to offer good employee development opportunities, companies have to present clear career paths for each individual employee in order to establish a direction which they can work towards. Moreover, a *company's brand* itself emerges as a motivational factor in the companies studied, as many employees stress the benefits of working for a well-recognized, multinational company. *Convenient location* is also important in China as employees wish to work in city centres and have convenient distance to home.

The diverging views between employees and their superiors on employee motivation imply that managers need to work on improving their understanding in employee motivation. Looking at the results, managers seem to be too confident in the importance of monetary rewards, missing other important aspects. In order to better recognizing employees' motivational needs, companies should conduct frequent employee surveys as well as building better communication channels within the organization. Furthermore, the new generation of Chinese workers has other values than what is traditionally associated with China, which companies should take into consideration.

Nevertheless, it has to be stressed that there are large differences between individuals in terms of motivational factors. As McClelland's framework suggests, individuals are driven by diverse needs and should be motivated with different factors (McClelland, 1985a, 1985b). *Sophisticated stereotyping* by reducing a complex culture to a description which applies to all citizens from a certain culture should be used with caution in order to avoid cultural paradoxes (Osland & Bird, 2000). Applying to this context, one should be aware of that there is nothing such as *a typical Chinese person*. It is most likely that there are many personalities with different preferences within one company, and it is therefore crucial for companies to have this fact in mind when managing and motivating employees in China. The thesis only aims to capture some key features of employee motivation in on a group level.

6.2. Research question 2

Which characteristics of organizational culture enhance employee work motivation in China?

Organizational culture that is open, flat, people-oriented and respectful is shown to have significant impact on employee motivation. Furthermore, the findings indicate that a good match between employee and organizational culture is important for employee satisfaction and motivation. Employees that enjoy working in the Swedish organizational environment and appreciate the Swedish organizational values are more motivated to work. Hence, Swedish companies should continue emphasizing on recruiting *right* people and promoting their unique cultures.

The results imply that Swedish companies are quite successful in using organizational culture to enhance work motivation in China. Most Chinese employees enjoy working in the Swedish environment. The Swedish culture seems to be able to constitute a competitive advantage when there is a good fit between culture and individuals. However, Swedish organizational culture contains some features such as *non-punitiveness* and *consensus-orientation* which should be implemented to a limited extent in China, as the findings suggest that speed and discipline are essential in the Chinese context.

6.3. Research question 3

Which characteristics of leadership style enhance employee work motivation in China?

The findings suggest that employees are best motivated by managers who delegate responsibility with trust; show full appreciation, respect & trust to all employees and encourage employee involvement & communication. Both goal-setting and feedback help to reduce uncertainty and risk, generating a feeling of security. The findings in this study suggest that Chinese employees at Swedish companies have high needs of guidance and support, and therefore should goal-setting and feedback have a greater impact on employee motivation in China. As indicated earlier, individuals are motivated differently. It is up to the leaders to recognize the needs of their employees, and motivate them with the right things, such as making sure that the employees are working with interesting and developing tasks.

The results indicate that Swedish leadership style which encourages employee participation, shows high level of trust, respect, recognition and appreciation is in general greatly appreciated in China. However, a dilemma in leadership practices is also found in this study. The flat and consensus-driven Swedish culture and leadership style are both appreciated and problem-causing, i.e. a *trade-off* between empowerment and efficiency emerges, as the new generation of Chinese employees requires guidance from leaders, and the emerging Chinese market calls for quick decision-makings. Furthermore, clear communication and articulated goals are needed. Due to the passive Chinese communication style, managers should actively speak to their subordinates in order to discover problems in good time. Further, the study suggests that individual meetings are excellent tools for communication and an effective way for leaders to receive input from the employees. Moreover, the findings suggest that Swedish company culture and leadership style should be modified in order to adapt to the Chinese context. The results imply that having a balance between empowerment and discipline in the organization would arguably have most effects on work motivation in China.

6.4. Theoretical implications

6.4.1. Work motivation

The theoretical implications for the needs theory are two-folded. Maslow's needs hierarchy which suggests that wages are the most important motivational factor for people at lower needs hierarchy may not apply to Chinese employees at Swedish companies. Rather, wages seem to be the least important factor of the top three motivators. However, the argument that Chinese employees at Swedish companies might have already achieved the basic needs, and are therefore motivated by higher-level needs, would justify the needs hierarchy's usefulness in China. Furthermore, many employees clearly state that interesting work is far more important than the level of wages,

confirming the significance of intrinsic factors as suggested by e.g. Amabile (1997) and Herzberg (1959). Consequently, support for Herzberg's intrinsic factors in motivation is found to a certain extent. The work itself is an intrinsic motivational factor which is highly valued by Chinese employees in this study. Although wages are an important motivator, they are not as crucial as suggested by researchers (Cappelli, 2000; Chambers, 1998; Locke, 1982; Perry, Mesch, & Paarlberg, 2006). Moreover, the study does not provide full support for Locus-of-control theory, which suggests that individuals with external locus-of-control are best motivated by external factors such as money (Kelley, 1971; Rotter, 1966). The results indicate that the new generation of Chinese employees often are controlled by external factors but best motivated by intrinsic factors such as interesting work. Further, the results suggest that Chinese employees are better motivated when explicit goals are presented as many employees indicate that clear goals would help them to establish a direction to work towards and thus increase their efficiency. Evidence for this is also found in the fact that employees call for clear career goals. Thus, support for goal theory is found. Likewise, support for the positive correlation between feedback and motivation is also found, as the employees do not prefer too high level of delegation and appreciate continuous support from supervisors. The employees seem to work most effectively when they are aware of their supervisors' expectations and how they are progressing in relation to the goals. Hence, support for feedback theory is found as the Chinese employees are more motivated when they are provided security and guidance.

6.4.2. Culture and Leadership

The results confirm the importance of organizational culture for motivation as suggested by e.g. Deal & Kennedy (1982), Kotter & Heskett (1992), O'Reilly (1989), and Sledge, Miles, & Copping (2008). The Swedish companies in this study consider organizational culture as an efficient tool for employee motivation, which supports the argument of organizational culture as a tool of influencing the employees' behaviours (Kerr & Slocum, 1987), and the theory of organizational culture as a competitive advantage (Barney, 1986; Ott, 1989; Wilkins & Ouchi, 1983). A majority of the employees state that they value the participative and empowering culture to a certain extent, which supports the argument made by Barretta (2008). The findings indicate that leaders who have emotional influence on employees; show appreciation, respect and trust and involve employees have positive impact on employee motivation. Simultaneously, support for the positive correlation between transformational leadership and employee motivation is found (e.g. Dvir, Eden, Avolio & Shamir, 2002; Kark & van Dijk, 2007). Furthermore, the findings indicate that leaders who set clear goals and provide continuous feedback enhance employee motivation, supporting the argument that goal-setting and feedback are efficient motivational technique (Ashford, 1986; Latham & Locke, 1979, 2006; Taylor, 1984). One reason to this positive correlation is believed to be the effect of goal-setting and feedback in uncertainty reduction, as argued by Fey (2005). Moreover, the results support the fact that leadership and organizational culture are closely linked with each other argued by Bass & Avolio (1993), as most employees mention their superiors and organizational culture in the same context. The findings also support for O'Keefe & O'Keefe's (1997) proposition of Chinese communication practices. Finally, the complex feature of the new generation Chinese employees implies that theories developed for traditional Chinese workers should be applied with caution. Hence, theories developed from the idea that countries vary in terms of cultural dimensions (e.g. Hofstede, 1980a) need to be modified in order to avoid sophisticated stereotyping, as suggested by Osland & Bird (2000).

6.5. Applicability of the study

The ambition with this study is to provide some useful management implications for Swedish companies in China. This aim has been kept in mind throughout the entire study. In order to ensure the applicability of the study to other Swedish companies in China, five separate case studies were conducted in China. The companies participated in this study engage in different industries and vary in years of operation in China. In order to obtain a complete picture of the topic and better understand management practices and its effectiveness on employees, interviews were conducted with staff from different organizational levels. While the companies vary in industry, management

practices and organizational culture, many similarities could still be found in the results. Consequently, the results could arguably be applied to other middle and large-sized Swedish companies operating in China. Moreover, one should always bear in mind that different regions in China may vary greatly in economic situation and cultural values and the country is currently in a transforming phase. Hence, management practices need to be modified in order to adapt to the actual context and achieve management effectiveness.

7. Further Research

Work motivation is an extremely complex area, especially in the rapidly changing Chinese environment. There are many dimensions which need to be investigated in order to get an inclusive picture of the topic, and due to the limited scope of this thesis, I had to make many sacrifices. Firstly, individual differences in terms of age, sex, working experience, organization level, job types have important impacts on work motivation and determine motivational factors (Kovach, 1987). Thus, I suggest scholars to investigate the impact of these dimensions on motivational factors in China. Secondly, as discussed earlier, it would be interesting to conduct a thorough research on work motivation in different regions in China, in order to better understand the similarities and differences between the regions. A third suggestion for future research is to conduct an investigation comparing work motivation in Swedish companies with other foreign companies in China. Such studies could provide new insights about motivational factors and effective management practices in China.

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9. Appendices

9.1. Appendix 1- Interview Guide

Spreading or using this material in an unintended way could invalidate study results. If you are not the intended recipient of this material please return it to the original sender.

Your discretion in this matter is appreciated.

Motivation Study – Question Set

This material is part of an ongoing study on challenges faced by Swedish organizations and managers operating in mainland China. Its purpose will be to study viewpoints, practices and results in dealing with the key challenges.

p.2-3	Question set for Managerial Interviews
p.4-5	Question set for Other Interviews

Question set for Managerial Interviews

Part 1

1a) What factors motivate in China?

Please explain.

1b) Which of these factors do you believe employees in this company value most highly in determining a good place to work?

Please rank the alternatives:

1. Tactful discipline from superiors
2. Sympathetic help with personal problems
from superiors
3. Interesting work
4. A feeling of being 'in on things', being well
informed and involved
5. High job security
6. Good wages
7. Good working conditions
8. Full appreciation of work done – others show
appreciation of my work
9. Personal loyalty to employees from superiors
and the organization
10. Promotion and growth in my skills within the
organization

1c) Please motivate your choices.

1d) How well do you feel this ranked list matches with what the company offers?

Please be as specific as possible.

1e) Are there any other important motivational factors that should be on this list?

Please motivate.

1f) How well do you feel these factors matches with what the company offers?

Please be as specific as possible.

1g) How do you think the employees perceive the policies of the company?

1h) Do you believe the organization could increase employee motivation by doing something differently?

1i) Is there anything you would like to add or feel that I have missed regarding motivational factors?

2a) What are in your opinion the distinguishing traits of employee motivation in China? What is different, and from what?

2b) What are the biggest leadership challenges you face in working with/managing Chinese employees?

3a) What, if anything, does employee motivation signify to you?

3b) How and in what way is employee motivation important to the company?

3c) Have you or your organization worked actively with employee motivation and if so please exemplify?

4) To what extent do you believe that you as a manager facilitate employee motivation and how?

5) Is there anything you feel could be done better on an individual or organizational level to facilitate employee motivation?

6) Is there anything additional you would like to add regarding this topic?

Comments:

Question set for Other Interviews

Part 1

1a) What motivate you at work?

Please explain.

1b) Which of these factors has the greatest importance for your motivation and for determining a good place to work?

Please rank the alternatives:

1. Tactful discipline from superiors
2. Sympathetic help with personal problems
from superiors
3. Interesting work
4. A feeling of being 'in on things', being well
informed and involved
5. High job security
6. Good wages
7. Good working conditions
8. Full appreciation of work done – others show
appreciation of my work
9. Personal loyalty to employees from superiors
and the organization
10. Promotion and growth in my skills within the
organization

1c) Please motivate your choices.

1d) How well do you feel this ranked list matches with what the company offers? (How satisfied are you?)

Please be as specific as possible.

1e) Are there any other important motivational factors that should be on this list?

Please motivate.

1f) How well do you feel these factors matches with what the company offers?

Please be as specific as possible.

1g) Is there anything you feel could be done differently to increase your motivation?

1h) Is there anything you would like to add or feel that I have missed regarding motivational factors?

2a) What does employee motivation in an organization mean to you?

2b) Do you feel that you have this kind of motivation within the company?

2c) Prior you mentioned xx as [important, somewhat important, less important] for your feelings towards the organization, would you care to elaborate on that?

3) To what extent do you feel that your manager(s) is encouraging you to become more motivated in the company? How?

4) What would motivate you to become more motivated in the company? (What can be done better?)

5) Is there anything additional you would like to add regarding this topic?

Comments: