Impact of Culture on Work Motivation: Case of Bosnia and Herzegovina

Ema Mustajbašić, MA
Dobrovoljnih davalaca krvi 4A
72000 Zenica
Bosnia and Herzegovina

Dijana Husaković, PhD
University of Zenica
Fakultetska bb
72000 Zenica
Bosnia and Herzegovina

Abstract

Doing business in different cultural environments present a challenge for today’s managers, where culture affects almost every aspect of companies’ management, including employees’ motivation. As many authors argue, in a multicultural environment, one of the key factors influencing motivation is national culture. Employee leaning towards different techniques of motivation considerably depends on their national culture and the dimensions that are connected to that national culture. This paper addresses the question of employee motivation from perspective of joint ventures in foreign ownership doing business in transitional country of Bosnia and Herzegovina. The empirical research has been conducted on a stratified sample, where the collection of the primary data was made by the structured questionnaire, filled in by the top level managers as well as employees who work on different workplaces in companies. The questionnaire was created to collect attitudes and opinions of current business practice of companies related to the different motivational techniques. The results of the research show that national culture does determine the impact of certain motivational technique on the level of employee motivation and that motivational programs that are synchronized with the national culture of employees give better results in employee motivation.

Keywords: motivation, national culture, motivation techniques, employee’s performance

1. Introduction

Globalization is the process which influences all areas of life. One of the consequences of globalization is development of international business. International business is present in every kind of industry and foreign companies are doing business all over the world. There are a lot of foreign companies in Bosnia and Herzegovina (hereinafter B&H). In such companies, top management is usually foreign and employees are local. Both of them must adapt to intercultural differences. One of the things that require cultural sensitivity is motivation of employees. Motivation is something that keeps people moving forward, towards the realization of set goals. A good manager has to know what pushes his employees towards the realization of those goals. He has to know what inspires them to work better, to improve their own business performance, and therefore, improve the overall organizational performance.

Robbins & Judge (2012, pp. 236) identified motivation as the processes that account for an individual’s intensity, direction, and persistence of effort toward attaining a goal. Motivation is affected by a lot of internal and external factors. One of them is national culture. Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others (Hofstede, 2010, pp. 6) Every person carries within him- or herself patterns of thinking, feeling, and potential acting that were learned throughout the person’s lifetime. Using the analogy of the way computers are programmed, such patterns of thinking, feeling, and acting mental programs, can be called software of the mind (Hofstede, 2010, pp. 4) This means people with same cultural background have typical patterns of response that distinguish them from people with other national culture.
Patterns of thinking, feeling, and acting of one group are not better or worse than the others. They are just different and those differences should be accepted. For easier studying of cultural differences, Hofstede (2010, pp. 31) defined four dimensions of culture. They have been named power distance (from small to large), collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance (from weak to strong). Afterwards, Hofstede (2010, pp. 38) defined long-term versus short-term orientation and adopted it as a fifth universal dimension. Through these dimensions, every culture in the world can be analyzed.

Top management has to encourage employees to work harder by creating culture-sensitive motivation programs. Managers have to know what motivation technique is the best choice for increasing employee's motivation. They can choose material or non-material compensation. The choice depends on what their employees expect and want. Choosing the right motivation method is of great importance for the company, but also for its employees. If motivation techniques match with the employee, it will increase his motivation and satisfaction. A motivated employee has better work performance. Better employee’s performance creates better company performance, which means better business results.

2. Theoretical Framework and Hypotheses

2.1. Motivation

Motivation is the processes that account for an individual’s intensity, direction, and persistence of effort toward attaining a goal. The three key elements in this definition are intensity, direction, and persistence. Intensity describes how hard a person tries. Effort directed toward, and consistent with, the organization’s goals is the kind of effort we should be seeking. Finally, persistence is a dimension that measures how long a person can maintain the effort. Motivated individuals stay with a task long enough to achieve their goal. (Robbins & Judge 2012, pp. 236) Special kind of motivation is work motivation. According to Pinder (2008, pp. 11), work motivation is a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behavior and to determine its form, direction, intensity and duration.

It is very important to make a difference between motivation and manipulation. Motivation is originating someone to do something which has a positive result for both. Manipulating is a negative thing. It is the process of impelling someone to do something without his wish and without any positive consequences for him. Motivation can be intrinsic and extrinsic. Intrinsically motivated activities are ones for which there is no apparent reward except for the activity itself. People seem to engage in the activities for their own sake and not because they lead to an extrinsic reward.

(Deci, pp. 23) Extrinsic motivation arises from environmental incentives and consequences, such as food, money, attention, privileges, certificates etc. Instead of engaging in an activity to experience the inherent satisfactions it can bring (as with intrinsic motivation), extrinsic motivation arises from some consequence that is separate from the activity itself. Whenever we act to gain attractive consequences or desire to avoid unattractive consequences, our behavior is extrinsically motivated (Reeve, 2009, pp. 113) Managers have no influence on employee's intrinsic motivation. It depends only on the employee. Managers can manage employee's extrinsic motivation by different motivation techniques.

Motivation techniques, also called motivation compensations, can be material and non-material. Material compensations are listed in the next table. They are grouped by two criteria. By first criteria, there is one group which refers to individual rewarding and the other which refers to group rewarding. The second criterion is the level of material benefit and there are direct and indirect material compensations.
### Table 1: Material compensations (Bahtijarević-Šiber, 1999, pp.87)

<table>
<thead>
<tr>
<th>Direct Material Compensations (Dm)</th>
<th>Indirect Material Compensations (Im)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>Scholarships</td>
</tr>
<tr>
<td>Bonuses And Incentives</td>
<td>Trainings</td>
</tr>
<tr>
<td>Incentives For Innovations</td>
<td>Specialization</td>
</tr>
<tr>
<td>Incentives For Spreading Knowledge And Flexibility</td>
<td>Vacation Days</td>
</tr>
<tr>
<td>Other Charges And Bonuses</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Group Bonuses</td>
<td>Pension Insurance</td>
</tr>
<tr>
<td>Profit Share</td>
<td>Health Insurance</td>
</tr>
<tr>
<td>Property Share</td>
<td>Life Insurance</td>
</tr>
<tr>
<td></td>
<td>Unemployment Benefits</td>
</tr>
<tr>
<td></td>
<td>Group Educations</td>
</tr>
<tr>
<td></td>
<td>Holidays</td>
</tr>
<tr>
<td></td>
<td>Holiday Gifts And Bonuses</td>
</tr>
<tr>
<td></td>
<td>Recreation Programs</td>
</tr>
</tbody>
</table>

Non-material compensations (NM) are very important in the process of motivating employees. Non-material techniques are: job redesign, leadership style, participation of employees, management by objectives (hereinafter MBO), flexible programs and working hours, recognition and feedback, and career development (Bahtijarević-Šiber, 1999, pp. 667-668).

According to Bahtijarević-Šiber (1999, pp. 670), job redesign is the process of determining the job content, job context and social relations at work in order to achieve organizational objectives and meet employee's needs. There are three ways a manager can redesign an employee's job: job enrichment, job enlargement and job rotation. Leadership style describes the connection between a manager and employees and the manager's way of planning, organizing and motivating. MBO is the process in which a manager and his employees jointly set objectives for the employees, periodically evaluate performance, and reward according to the results. (Lussier, 2009, pp. 132) Recognition and feedback from the manager is a motivation technique which refers to frequent employee's work evaluation and giving praise when employee deserves it.

### 2.2. National culture

The term culture is used every day, but a lot of people never think about what it means. Different authors try to define this term. The most commonly used definition of culture is the one by Hofstede (2010, pp. 6) when he said that culture is the collective programming of the mind that distinguishes the members of one group or category of people from others.

According to Hofstede (2010, pp. 38), there are five dimensions of national culture:

- Power distance
- Collectivism versus individualism
- Femininity versus masculinity
- Uncertainty avoidance
- Long-term versus short-term orientation

At first, Hofstede defined first four dimensions, and after a few surveys, he completed dimensions by adding the fifth universal dimension.

#### 2.2.1. Power distance

Power distance can be defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. Institutions are the basic elements of society, such as family, school, and community; organizations are places where people work (Hofstede, 2010, pp 61). Power distance influences all parts of an enterprise. Whether or not the employees will be prone to centralized or non-centralized decision-making system, do they like being in friendly terms with managers, would they like to participate in planning and decision making etc. - it all depends on the national culture.
Different national cultures have different power distance score and different attitudes about management and organization, but also about motivation.

According to Rahimić and Podrug (2009, pp. 260), B&H has a large index of power distance. When we talk about motivation, in large power distance countries, employees want to get specific instructions for work. They do not want to participate in planning and decision making. Their manager has to know answers to all their questions and they like to carry out his orders. (Rahimić & Podrug, 2009, pp. 243). Visible signs of status in large-power-distance countries contribute to the authority of bosses, so MBO will not work, because they assume some form of negotiation between subordinate and superior (Hofstede, 2010, pp. 74).

Hypothesis 1: Using MBO will have negative influence on employee motivation in countries with large-power-distance cultures.

2.2.2. Collectivism versus individualism

Individualism pertains to societies in which the links between individuals are loose: everyone is expected to look after him - or herself and his or her immediate family. Collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty (Hofstede, 2010, pp. 92). Collectivistic and individualistic cultures have a lot of differences in organizational behavior. Employees from countries with a collectivistic culture pay attention on group goals, building strong relations between members in a group, making friends with colleagues and managers. In this type of culture, an employee is not treated like an individual; he is part of a group. On the other side, employees from countries with a individualistic culture are not team players and they like individual goals. Rahimić & Podrug (2013, pp. 249) claim that management in individual cultures refers to managing the individuals, but in collectivistic countries, it refers to managing groups. According to Rahimić and Podrug (2009, pp. 260), B&H is a country with collectivistic culture. In collectivistic countries, employees are motivated to work in teams. They like team tasks and team rewarding system. Rewarding system should promote the criteria of equality, and competition between colleagues is unmotivating (Rahimić & Podrug, 2009, pp. 248).

Hypothesis 2: Competition reward system will a have negative influence on employee motivation in collectivist cultures.

2.2.3. Femininity versus masculinity

A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life. A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life (Hofstede, 2010, pp. 140). In countries with masculinity dimension, gender segregation in employment is more likely than in femininity cultures, so there are jobs for men and jobs for women. Jobs for men are long-term and career orientated and jobs for women are usually short-term (Rahimić & Podrug 2013, pp. 250). In this type of cultures, working is a very important part of life, especially for men.

On the other side, in countries with feminine culture; there are lots of things that are more important than a job, like family bonds, friendship, health, adventure etc. Concisely, in masculine cultures people live to work, but in feminine, they work to live.

B&H is a country with feminine culture (Rahimić & Podrug 2013, pp. 260) and this dimension has the strongest influence on motivation of Bosnian-Herzegovian (hereinafter BH) workers. Employees with feminine national culture will be motivated in friendly and warm working environment with good working conditions. They will improve their work performance if there is a possibility of improving quality of working life. Equality and solidarity are highly valued. They aim to establish personal connections and they like managers who do not make every interaction with employees strictly business. Non-material compensations like flexible working hours and giving praise are very motivating for this type of employees.

Hypothesis 3: Indirect material and non-material compensations will have a positive influence on employee motivation in feminine cultures.
2.2.4. Uncertainty avoidance and long-term versus short-term orientation

Uncertainty avoidance can be defined as the extent to which the members of a culture feel threatened by ambiguous or unknown situations. This feeling is, among other manifestations, expressed through nervous stress and in a need for predictability: a need for written and unwritten rules (Hofstede, 2010, pp. 191).

In countries with weaker uncertainty avoidance, there is less of a prevailing sense of urgency. Not only familiar risks but also unfamiliar risks are accepted, such as those involved in a change of jobs or in engaging in activities for which there are no rules (Hofstede, 2010, pp. 198). On the other side, in countries with stronger uncertainty avoidance, people do not accept risk so easily. They tend towards stability and they want to minimize the possibility of changes. According to Hofstede (2010, pp. 200) in countries with stronger uncertainty avoidance, people did change employers less frequently.

Hofstede (2010, pp. 239) defined the fifth dimension as follows: long-term orientation stands for fostering of virtues oriented towards future rewards - in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present - in particular, respect for tradition, preservation of “face,” and fulfilling social obligations.

Rahimić & Podrug (2013, pp. 252) suggested that long-term orientated employers in process of recruitment select candidates by compatibility of their abilities and personal characteristics with organization values. Selected candidates have enough time to learn how to fulfill their first tasks. In short-term cultures, employers in process of recruitment select candidates which can be quickly integrated in company. Long-term orientated employers invest in human resources, because they expect to employ them for a long period. Short-term employers do not expect employees stay long in their company, so they do not invest in them.

B&H is a country with strong uncertainty avoidance and long-term orientation (Rahimić & Podrug 2013, pp. 260). Employees with strong uncertainty avoidance and long-term orientation are very loyal to their employer, so they will be motivated by gaining long-term contract. They want a stable workplace, without changes and with specific instructions for work. They like rewards which require long-term effort and dedication, and like employers who invest in training and development of human resources.

**Hypothesis 4:** Changing work environment and short-term contract will have negative influence on employee motivation in countries with strong uncertainty avoidance and long-term orientation.

After these four working hypothesis, a general hypothesis is created.

**General hypothesis:** Motivational programs that are synchronized with the BH national culture give better results in motivating employees that works in foreign companies in B&H.

3. Methodology

The primary and secondary sources of data are used for this study. Secondary data is collected from professional literature in the field of international management, organizational behavior, human resource management, leadership and similar fields. The primary data is collected through two different questionnaires sent via internet. One questionnaire is created for managers, and the other one is for employees. Results are analyzed by statistical method and displayed in a descriptive way, using tables and charts.

3.1. Sample

For the purposes of research, 27 companies are chosen. To ensure the representativeness, sample is carefully selected according two criteria. The first criterion is geographical representativeness of sample. Research covers the territory of B&H, so selected companies operate in 19 different municipalities. The second criterion is company’s ownership. In order to participate in this study, selected companies have to be in major part or fully in foreign ownership. Data is collected on sample of 286 respondents in B & H. 27 respondents are from top management hierarchy, and 256 are employees who work on different workplaces in companies. The questioning of managers aims to find out information about existing motivational techniques in companies. The questioning of employees aims to find out their preferences for the various motivational compensations. Inside the company, respondents are randomly selected, but they were asked about their gender, age, salary, education, number of years of experience in the current job and type of contract. So, 54.7% of respondents are male and 45.3% are female.
The majority of the respondents are between 20 and 39 years old (72.3%) and their monthly salary is between 800 and 1600 BAM (57%). 64.1% of respondents were graduated or have higher level of education. When we talk about work experience, 53.9% of respondents are between 1 and 5 years at their current job. 71.1% of employees have limited employment contract.

4. Results and testing of hypotheses
4.1. Interpretation empiric results and testing working hypotheses

Very useful information come out by analyzing data obtained from managers. All managers agreed that motivated employees have better business performance. Managers were asked whether there are structured motivation programs in their companies. 78.9% of them said that there are no specifically created motivation programs, but sometimes they do motivate their employees with various motivation techniques. Also, they said when they motivate employees; in the selection of techniques they do not take the national culture as a factor of influence (74%).

Companies included in research sometimes motivate employees. Data about the most used motivation techniques is collected from both, managers and employees, and pretty similar answers are shown in figure 1.

![Figure 1: The most used motivation techniques](image)

Empirical research of power distance was based on employee’s preference of participation in planning and decision making, and also using MBO. After analyzing data the following results were obtained:

- 88.7% of employees will be more motivated if they participate in goal setting
- 88.6% of employees will be more motivated if they participate in creating ways to achieve goals
- 84% of employees will be more motivated if they participate in evaluation of set goals
- 81.5% of managers think that employees will be more motivated if they take part in planning and decision making

Based on shown empirical results, hypothesis 1 “Using MBO will have negative influence on employee motivation in countries with large-power-distance cultures” is rejected.

Employees are asked whether they prefer individual or group rewarding system, 68% of employees voted for group. Then, they are asked about competitive rewarding system, and the majority of respondents (61%) claimed that this type of rewarding will decrease their work motivation. These answers are in accordance with theory, so hypothesis 2 “Competition reward system will have negative influence on employee motivation in collectivist cultures” is accepted.

Femininity dimension is the one that best describes BH national culture in the field of motivation. There are lots of motivation techniques connected with this dimension, so, for the purpose of this research, they are divided in 5 groups. Employee’s preferences of each group are shown in next table.
Table 2: Employees’ preferences of various motivation techniques

<table>
<thead>
<tr>
<th>Group Of Techniques</th>
<th>For Example</th>
<th>Very Motivating For</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation techniques related to life and health</td>
<td>Life insurance, recreation programs, health insurance</td>
<td>92.8% of employees</td>
</tr>
<tr>
<td>Motivation techniques related to an excused absence from work</td>
<td>More days off for vacation, paid leave</td>
<td>94.0% of employees</td>
</tr>
<tr>
<td>Motivation techniques related to working hours and working place</td>
<td>Flexible working hours, work from home</td>
<td>96.1% of employees</td>
</tr>
<tr>
<td>Motivation techniques related to relations with colleagues and manager</td>
<td>Friendly relationship with manager, strong warm bond with colleagues</td>
<td>91.4% of employees</td>
</tr>
<tr>
<td>Motivation techniques related to feedback from manager</td>
<td>Prize for well-done job, frequent work evaluation, manager respects employees</td>
<td>92.5% of employees</td>
</tr>
</tbody>
</table>

Analyzing results about femininity dimension showed that hypothesis 3 “Indirect material and non-material compensations will have positive influence on employee motivation in femininity cultures.” is accepted. Employees are, also, asked about techniques related to strong uncertainty avoidance and long-term orientation. The main questions for this part of research were about workplace changes and type of employment contract. Empirical research confirms the theory’s premise and the majority of respondents (59%) agreed that any change on their workplace will decrease their motivation. Also, they showed affinity to long-term rewards and future benefits like pension insurance, life insurance and scholarships.

Table 3: Employees’ affinity to long-term rewards

<table>
<thead>
<tr>
<th>MOTIVATION TECHNIQUE</th>
<th>VERY MOTIVATING FOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying pension insurance</td>
<td>72.6% of employees</td>
</tr>
<tr>
<td>Paying life insurance</td>
<td>96.4% of employees</td>
</tr>
<tr>
<td>Investing in human resources by paying scholarship fees</td>
<td>89.1% of employees</td>
</tr>
</tbody>
</table>

In focus of exploring these two dimensions, were questions about type of contract. At first, 89.1% of employees said that it would be very motivating if there is a chance to get long-term contract. Afterwards, they were asked whether short-term contract would decrease their motivation, and the majority of respondents (93%) agreed with this statement. Based on presented results, hypothesis 4 “Changing work environment and short-term contract will have negative influence on employee motivation in countries with strong uncertainty avoidance and long-term orientation” is accepted.

In this research it is found what motivation techniques are the best choice for the questioned employees. The most wanted employees’ motivational techniques are shown in the figure 2.
4.2. Testing general hypothesis
Three out of four hypotheses are accepted. One is rejected. The rejected one is: “Using MBO will have negative influence on employee motivation in countries with large-power-distance cultures”. There are two possible reasons for this. The first one is the respondents’ qualification, and the second one is position in organization. Describing the sample showed that the majority of respondents are high qualified. They are graduates or post-graduates. Also, the majority of them do not work in the lowest level in organization. They are mostly working in marketing, sales, supply and project management. So, it is expected that they want to participate in planning and goal setting, because the theory claims that (Hofstede, 2010, pp. 65), the occupations with the lowest status and education level (unskilled and semiskilled workers) showed the highest power distance values, and those with the highest status and education level (managers of professional workers, such as engineers and scientists) produced the lowest power distance values. It means that regardless of the national culture and its dimensions, people with high status and education level behave like the ones in cultures with low power distance.

Although one work hypothesis is rejected, because of listed reasons, with other accepted hypothesis, it can be concluded that the general hypothesis “Motivational programs that are synchronized with the BH national culture give better results in motivating employees that works in foreign companies in B&H” is also accepted.

5. Conclusion
This study and its results indicate that process of motivating BH employees has a few key steps. At first, employers must have a motivation plan with a set of structured rules. Motivation program has to be transparent and must be continuously implemented.

Employers have to create a pleasant work atmosphere because BH employees highly appreciate quality of working life. They are team players; they want to have a strong bond with colleagues and a good relationship with the manager, so they will be very motivated to work in a friendly work environment. Team-building activities are also recommended. Competition among employees is completely undesirable. This type of motivation will create tension between colleagues and could impair friendly relations, which is completely demotivating for employees with this cultural background.

Employer should try to offer improvements of employee's quality of life. Life insurance, pension insurance, general medical examination, employee loans and similar benefits will be highly motivating. Protection at work is included in this type of motivation techniques. If an employee feels safe in his work environment, if the company provides him healthcare programs and if his employer acts as a friend who will help when it is needed, the employee will be extremely motivated at work. Also, if there is a possibility to get more days off for the holidays as a reward for improving business performance, employee's motivation will be increased.

Work place flexibility, according to the theory and research, is highly desirable. If the nature of the work allows, it is very motivating to provide flexibility in terms of working hours or working from home. An employee will appreciate that and level of motivation will be higher.

Employees want to know what their manager thinks about their work, so frequent feedback will be motivating. Appreciation for job well done does not cost anything, but it means a lot to the employee.

For employees with high level of education, participation in planning and decision making is a very effective motivation technique. They want a manager who respects their opinion and who will not reject their ideas.

According to strong uncertainty avoidance and long-term orientation, BH workers are loyal to their employer and if there is a possibility to get long-term contract, they will be highly motivated.

In the end, material compensations are motivating for every type of culture, so employer will increase employee motivation if he rewards them with salary raise or some bonus when they really deserve it.

The impact of BH national culture on motivation of employees in organizations which are, in major part or fully, in foreign ownership and which operate in the territory of B&H, are a study that has made significant contribution for theory and practice. Problem of this research is modern and there is no such research for B&H territory. The study gives relevant theory knowledge and conclusions that can be useful for next surveys in this field. Besides theoretical, this study and its results are very interesting for employers. With those recommendations, they could easily create effective motivation programs for BH employers. No matter what national culture employer is, this recommendation can be applied to every company that employs BH employees.
References


