

Multi-national corporate rewards program



Multi-National Corporation Rewards Program Tammy Engel CTU Online

MGM336 March 19, 2012 Professor Moutaz Abou-Robieh Abstract Designing a rewards program that will be an attraction for new employees and a reason to stay for existing staff can be difficult for any corporation, but is made even more so when the company becomes international. There are several factors that influence employee motivation and these may be affected by culture, environment, socio-economics, and politics.

A study of the motivating factors for employees located in the United States, France, and Japan will be presented, along with effective leadership characteristics for those respective locations. A preliminary rewards program for each division of the company will also be presented. Multi-National Corporation Rewards Program A rewards program or benefits package is always a large part of an employee's decision to apply with, accept, or keep a job with any organization.

The program must hold appeal to the employee and be appropriate for the location, especially if the company is a multi-national organization. Some benefits may not work in other countries, for example employee recognition in America usually consists of singling an individual out for kudos, while in Japan this type of recognition would be extremely uncomfortable for the employee. Influencing factors for the creation of appropriate rewards programs for our multi-national corporation (MNC) will be discussed. These will include employee motivation factors and successful leadership characteristics.

Understanding Motivation There are several internal and external factors that can motivate an individual. There have been many studies by

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psychologists that focus on these factors including Maslow's Hierarchy of Needs, the ERG theory, the motivator-hygiene/intrinsic-extrinsic need theory, and the achievement theory. There is one overriding problem with all of these theories; they are based on Western European and the United States and therefore may not be applicable to employees that are not from these locations.

Even within these areas there will be some variation in the motivational factors for any employee. Since these theories do offer some valuable insight into the psyche of two-thirds of our MNC, we will discuss their implications. Maslow's hierarchy of needs is based on the premise that an individual's needs are grouped into five main categories; these categories are contingent upon one another in that Maslow believed the one could not move on to achieving or being motivated by the next category of needs until the previous ones had been met. Phatak, Bhagat, & Kashlak, *Motivating and Leading across Borders and Cultures* (2009) These categories are physiological needs such as food, shelter, and health; safety needs – shelter and security; belonging needs, feeling part of a group, love; esteem needs such as self-esteem and the respect of others; and finally self-actualization needs which would indicate achieving one's ultimate potential. Similar to Maslow's hierarchy is the ERG theory developed by Clayton Alderfer.

The ERG theory classifies needs into three intertwined categories; existence needs (think physiological and safety needs), relatedness needs (similar to belonging and respect needs), and growth needs (this relates to self-esteem and self-actualization). Other theories categorize these needs differently, but all are very similar. While there is some credence to these theories, as stated

there is one overriding problem: they are based on an Eastern European/American individual.

There may be some applicability to the employees of our MNC from North American, less applicability for those from France, and little applicability to our Japanese staff. All of these theories are based upon higher order needs such as individual achievement, self-actualization, and affiliation. Individuals from the Japanese division may be more concerned with lower order needs such as safety, security, and physical comforts. Phatak, Bhagat, & Kashlak, *Motivating and Leading across Borders and Cultures* (2009) Other theories are based on process theories rather than psychological aspects of behavior. One such theory is called the expectancy theory. This concept states that employees are motivated by expectations from management, linking behaviors with outcomes, and basing behavior on a reward system. The equity theory is similar to this in that employees will attempt to balance their work behavior according to what they see others do (or not do). Phatak, Bhagat, & Kashlak, *Motivating and Leading across Borders and Cultures* (2009) There are three norms associated with this theory: the norm of equity, the norm of need, and the norm of equality. This theory is especially applicable to our American division. Another aspect of motivating employees is the relationship between managers and their respective employees. These individuals must be able to work closely to formulate realistic goals for the employees based on the clear communication of the company's mission and vision.

Application of Motivational Theories As stated, our managers need to be very careful about how they motivate our employees based upon the physical

location of the employee, the cultural background of the individual, and the other intrinsic and extrinsic factors that may influence that employees behavior. Employees located in more individualistic countries such as America and France will be more motivated by intrinsic factors and self-actualization needs. These individuals are more concerned with equitable treatment as compared to earning similar pay for similar work.

Other appealing rewards or benefits may include paid time off, insurance, and consistent salary increases. These individuals will be concerned with the comforts that the work environment has to offer including roomy office spaces; comfortable break rooms; amenities like gyms, lunch service, and childcare; these employees value their individualism and will appreciate being publically recognized for a job well done. Conversely, our Japanese employees will be more concerned with extrinsic and basic safety/physiological needs. Phatak, Bhagat, & Kashlak, *Motivating and Leading across Borders and Cultures* (2009) These individuals value family and loyalty. Many generations of a family live together, so they may not feel that childcare is a worthy benefit as they have family available to take care of children or elderly relatives.

Culturally Appropriate Reward Programs

The rewards programs for our company will consist of a base package that will be appropriate and applicable to all divisions. Salary will be based on experience and company subsidized insurance will be available.

Recognition awards for milestone achievement will be given to our American and French employees at monthly staff meetings, while these same types of awards will be given to our Japanese employees privately and with little fanfare, respecting their privacy. Working environments will be clean and

meet the highest safety standards available for all branches. Individuals will be provided access to all managerial staff along with some appropriate autonomy depending upon position and duties. Employees will also be strongly encouraged to participate in a team culture within the workplace, with an emphasis on collaboration and cohesion.

Each employee will be provided a generous allotment of paid time off; this will be highly valued by each division. (Phatak, Bhagat, & Kashlak, International Human Resources Management, 2009) Employees in France will be allowed the use of company owned vacation property. The US division will be provided with company subsidized legal and financial aid, while the Japanese employees will be given a monthly family allowance based upon the number of individuals in their family. These additional benefits are specific to location and monetarily equivalent between divisions.

Leadership Types Each division will be led by individuals carefully chosen from the native locale. This will help to ensure that communication is clear and precise and that cultural mores are familiar and followed. All managers will be required to cross-train across continents so that they are aware of and familiar with the workings of each respective division. Our American managers will be specifically chosen for their abilities to set goals, interpersonal skills, and proven leadership history. The French management staff will be chosen for similar characteristics.

The Japanese leadership will be chosen for proven leadership roles and ability to be available to the employees as well as to promote a team atmosphere. Our leaders will be encouraged to set clear goals for our employees and to meet individually with employees directly under them to

communicate these goals. Upper management will be encouraging staff under them to be innovative and to communicate those ideas throughout the business. While magnetism and charm will draw employees to a management figure in the US and France, this characteristic is not appropriate in Japan. (Phatak, Bhagat, &

Kashlak, *International Human Resources Management*, 2009) Another characteristic that should be inherent in our managers is the ability to promote workplace and task pride. This is an important factor for motivating all employees, regardless of the location. Leaders should be trustworthy and possess excellent communication skills, good team building capabilities, and exceptional bargaining abilities. Conclusion It is extremely important to evaluate several aspects of the environment and culture prior to entering into a business relationship with any international location.

This is especially important when the culture that you are entering is unique and unfamiliar to you and your company. Many factors can affect how employees from these varied locations will work and how they are motivated to work; careful study of these can help to increase the likelihood of success for your business. Most importantly, hiring good leadership to oversee these areas is vital. Good leaders will help to promote and build the existing business, encourage cohesion among employees and divisions, and will be able to successfully communicate the prevailing mission of the business.

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