Employee Motivation

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Why do people work? Why do some people work harder than others? What should businesses do to motivate their employees? To find the answers to these interesting questions, scholars in the U.S. developed many motivation theories during the 1950s and 1960s, which are divided into two categories: content and process theories. Content theory consists of three major theories including Maslow’s Hierarchy of Needs, Herzberg’s Motivation-Hygiene Theory, and McClelland’s Learned Needs Theory, with process theory mainly comprised of Reinforcement Theory, Goal Setting Theory, Expectancy Theory, and Equity Theory (Francesco, 2005).

In the knowledge economy of the 21st century, the study of motivation theories has become even more important. Human capital has been recognized as the most critical factor in driving productivity, and the competition for talented people has grown fiercer than ever before. Businesses are faced with great challenges to attract and retain staff of high caliber; challenges made even more complex in an increasingly globalized world, where modern technology has led to free mobility of people resulting in a far more culturally diversified work environment for many. It is demanding enough to motivate employees from the same country given that different people value different things; let alone to incentivize people across borders. As such, Francesco (2005) stated, “…values across and within cultures are not universal, it is difficult to find a set of motivating needs or factors that applies to everyone” (p. 129). While I understand his viewpoint, it is my belief that human beings are human beings no matter where they live, be it Reykjavik, Iceland or Cape Town, South Africa, there are certain needs that are shared by people all over the world: material, social and intellectual. The only difference is that the composition of the three kinds of needs is different among people within or across cultures, based on factors such as their socioeconomic status, age, gender, education, etc. Following this concept, we can outline some general guidelines for businesses to develop their motivation strategies. In this paper, I will
illustrate the universal needs of people, and recommend a set of general guidelines for businesses to develop motivation strategies through the practices of two globally recognized organizations.

**Universal Needs**

As stated above, every human being, regardless of whether they live in a developed or developing country, has three types of needs: material, social and intellectual. We can picture these aggregate needs of a human being as a pie consisting of three ingredients. Material needs are the most basic and fundamental. People need to survive first, then move on to a more comfortable life with all the creature comforts they desire. When these foundational needs are satisfied, they will gradually start to care more about the other two types of needs – social and intellectual. In this sense there is a progressive order among the three types of needs, similar to that of Maslow’s hierarchical model. Maslow believes that, “…an individual would try to satisfy one category of needs at a time and that the hierarchical order of needs is the same for everyone” (as cited in Francesco, 2005, p. 125), to which I disagree. Instead, I think these three types of needs always co-exist, only that their share of the pie changes as a person goes through different stages of their life, and it varies among people based on their culture, socioeconomic status, age, gender and education. For example, when a person is in his 30’s, his material needs will take a much bigger share than social or intellectual needs. When he reaches 50, in theory, he will have reached a much better financial status, and his material needs will have been dramatically reduced. It can be extrapolated that the better a person’s economic situation, the lower the share of material needs. The following two pie charts illustrate the different compositions of the pie between a person in his thirties and fifties, and a person from a developing country and another person from a developed country.
People have different tastes; an inviting pie in one person’s eye might be unattractive in the eye of another. Francesco (2005) observed, “What an individual perceives as rewarding is subject to cultural influence” (p. 131), I would add that it is also subject to the different tastes of people, even within the same culture. As such, a manager’s job is to make the pies smell good, look good, and taste good to their employees. Some people might think this is impossible given
employees’ different tastes compounded with different cultural backgrounds; however understanding of the universal human needs can provide guidance for businesses to motivate their employees.

**General Guidelines for Motivation**

Based on my research, as complicated as it is to motivate employees, especially if they are from diverse cultural backgrounds, there are some general rules, which businesses can follow to incentivize their employees. First, regardless of people’s cultural backgrounds, they share a pie of needs with the aforementioned three ingredients. According to Robbins (1996), motivation is “the willingness to exert high levels of effort toward organizational goals, conditioned by the effort’s ability to satisfy some individual need” (p. 212). This is a great definition in that it links motivation with individual need. Indeed, good motivation must serve to meet the needs of employees.

Second, a good motivation system must give consideration to all three ingredients; it is not going to work in the long term if one of the ingredients is missing. For example, Trompenaars (1993) believes that in family-dominated cultures such as Greece, Italy, Japan, Singapore, and South Korea, people value recognition (which is a social need) more than money. However, if all workers get from managers is praise and appreciative words without anything in material form, sooner or later they will get discouraged thinking that the managers are only offering lip service. Only if an employee’s material, social and intellectual needs have all been taken care of, will they be truly happy with their employer and go above and beyond to improve their productivity.

Third, a good motivation system must take into consideration the appropriate percentage of the three ingredients in the pie. This means that when deciding what reward should be given to
a particular employee, managers must understand what his pie of needs looks like, and how much share each of the ingredient takes. For example, if a worker’s pie of needs consists of 40% material needs, 30% social needs, and 20% intellectual needs, and his pie of reward are 60%, 10%, and 30% respectively; he might be happy for the short term since he is rewarded financially much more than is needed, but in the long run, he will not stay happy since 20% of his social needs remain unmet. In order to understand how businesses in the real world are doing in terms of employee motivation, I will present two examples in the next section.

**Good Motivational Practices**

Some organizations are very effective in their motivational practices, for example, Hitachi Data System (HDS) and Google. Through research on the Internet, and an interview with a staff member from each organization, I have come to understand why these organizations can remain winners in the competitive market of human capital.

**HDS’ Culture and Motivation System**

Hitachi Data System (HDS) is a wholly owned American subsidiary of Hitachi Ltd., a leading global electronics company with approximately 320,000 employees worldwide. According to the company’s website (HDS, 2013), HDS has nearly 6,000 employees worldwide, and it does business in more than 100 countries and regions. In January 2013, FORTUNE Magazine announced HDS as one of the “100 Best Companies to Work For” in 2013, marking the second consecutive year the company was honored on the prestigious annual list. Nancy Long, HDS’ executive vice president and Chief Human Resources Officer, “attributes this honor and the company's success to the hard work and dedication of all HDS employees. ‘I see HDS employees work together as a family to innovate and win, and we’re the best at what we do. We’re so proud to have been included for a second consecutive year as a FORTUNE 2013 best
company to work for. This prestigious and highly-coveted distinction speaks volumes about HDS, our employees and the motivation that continues to drive us to be the best place to work, win and lead change in the industry” (HDS, 2013).

Ms. Long’s comment is echoed by Ms. Eva Smith, a former Manager of HR Recruiters at HDS, who worked there from August 2007 to February 2013. Having worked for the company for almost six years, Eva speaks fondly of its unique culture. According to Eva, the most striking characteristic of HDS’ culture is “employee engagement”, in which employees feel they have ownership to the company, and that their job matters. They have the freedom to create things from ground up, and can take initiative to make things happen. All staff understand that their job is vital to the company’s success, and their hard work is valued. As such, everyone feels proud to be part of the big family, and work is usually done through teams or collaboration. The sense of ownership and family orientation make them very active and interested in their day-to-day work, and are willing to make every effort to perform as best as they can. As a Japanese company’s subsidiary, I am impressed that the Japanese collective culture prevails in the U.S., a country that ranks high on individualism.

When asked how HDS has managed to have such highly motivated workers, Eva says it is mainly because management is transparent in that information is shared with all employees in a timely manner, and honor and trust are revered at HDS. Eva comments that the CEO of HDS is very honest; unlike many other companies’ managers who usually hide the numbers, he always tells the truth about the company’s bottom line. If the business is losing money, he will tell the employees what has caused the losses and what needs to be done. Such messages are given to employees at the quarterly meetings (usually held at HDS’ headquarters in Santa Clara) before bonuses are distributed, and everyone across the globe is invited to attend these meetings either
in person or virtually.

Besides a family oriented and collectivistic culture, HDS also has a common structure of incentive system which serves as the foundational structure for its worldwide subsidiaries; although Eva says each subsidiary makes some adjustments to the system based on the culture of their country where they are located.

- Sales people are paid on commission according to preset targets;
- Corporate staff such as financing, HR, and marketing departments have a bonus system, with half of their bonus being paid quarterly, and the other half paid at the end of the year. This way, employees have a good understanding on how well the company is doing throughout the year.
- If someone makes a great contribution to the company, they will be given lucrative bonuses and recognition awards.
- Employees are provided with good benefits, for example, everybody is entitled to up to $500 of annual reimbursement on their expense on health club, weight loss, or other health related programs, and the company built an on site gym providing free access to all employees and HDS’ contractors. The company sends a strong message for its staff to stay active and healthy.
- Eva is especially grateful for the company’s practice on separating sick leave and vacation time. She says many companies would lump in these two together as paid time off (PTO, usually two weeks), in which if an employee takes some sick leave, it is deducted from their PTO. However, HDS gives an extra pocket of time for employees’ sick leave.

The combination of HDS’ collectivistic culture and its employee-caring motivation
strategies lead to a low turnover, which Eva estimates to be around 10% during the time she worked there. Located in the Bay Area, which is full of Fortune 500 companies such as Yahoo, HP and IBM, and with its average payment scale smaller than its peers, this lower-than-average ratio of HDS says a lot about the company’s unique culture. Interestingly, even though HDS is one of the top 100 companies to work for, I could hardly find any information about its motivation strategies on the Internet. Eva describes it as a hidden gem, and she indicates that HDS should make more conscious efforts to enhance its name-building. On the other hand, I find there is much more public information regarding Google’s incentive system, obviously the world’s number one search engine is taking advantage of its unique position.

**Google’s Motivation Strategies**

To understand more about Google’s motivation system, apart from my research on the Internet, I also interviewed Ms. Tracy Green, who was Google’s Head of Ad Policy from October 2008 to December 2011. Combining my findings from the Internet and interview, I find there are three major components of Google’s incentive system (Tracy confirms that this system saves as a basic structure for Google’s subsidiaries all over the world; and accommodations will be made in each country based on the local culture).

First, Google offers abundant benefits, such as free food, gym use, laundry service and a subsidized massage program. Tracy tells me that Google’s maternity leave is 5.5 months long, which is longer than the normal practice of 3 months. In addition, the new mother is given $500 during the first month upon the birth of her baby, so that she can care for herself and the baby. Strickland (2013)’s article “How the Googleplex Works” well matches Tracy’s account on various benefits provided by the company, in which he also mentioned that Google employees could play a quick game of Ping-Pong, billiards, foosball, or video games in some campus
buildings.

Second, Tracy says many interesting activities take place on Google campus year round, often involving visits from celebrities including famous movie stars, athletes, and politicians. For example, during her time there, Tracy saw President Obama, Hilary Clinton and Lady Gaga when each came to Silicon Valley for a visit to the company.

Third, Google provides many opportunities for staff training and professional development. For example, Tracy says employees can be reimbursed an annual fee of up to $5,000 if they attend classes or workshops aiming to improve their job performance. I am also impressed with the 20 percent time program illustrated by Strickland (2013), “Google allows its employees to use up to 20 percent of their work week at Google to pursue special projects. That means for every standard work week, employees can take a full day to work on a project unrelated to their normal workload. Google claims that many of their products in Google Labs started out as pet projects in the 20 percent time program”.

What strikes me most is the article “Creative motivation at Google Inc.” published on the Financial Express by Graef Crystal, an expert on executive compensation. In this article, Crystal (2005) tells a story of how Google motivated a senior workaholic executive. In a nutshell, this executive worked very hard including weekends and holidays, and he lived the exceedingly thrifty life of a miser. As such, his marriage was headed for rocks. In view of this, his company’s CEO came up with an ingenious strategy to reward him. He visited the executive, expressed his heartfelt appreciation for the great contribution he had made for the company and offered him a bonus on the spot which consisted of:

- a round trip to Paris on the Concorde for the employee and his wife.
- a suite at the Ritz for a week.
- a $20,000 gift certificate for the executive’s wife at Hermes.
- and a cash payment to handle the executive’s taxes on all those goodies (Crystal, 2005).
After the trip, this executive “was more wedded than ever – to the company, and his wife. For her part, she seemed to be encouraging him to work even harder for the next trip to Paris” (Crystal, 2005).

**Analysis**

In order to have a big picture of the pie of rewards HDS and Google offer their employees respectively, I have categorized their incentives into the table below;

**HDS & Google’s Pie of Rewards**

<table>
<thead>
<tr>
<th>Type of Needs</th>
<th>HDS</th>
<th>Google</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Needs</td>
<td>Bonus and benefits</td>
<td>Bonus and benefits</td>
</tr>
<tr>
<td>Social Needs</td>
<td>Employee Engagement</td>
<td>Activities on Google campus</td>
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<tr>
<td></td>
<td>Family orientation, team spirit and</td>
<td></td>
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<tr>
<td></td>
<td>collaboration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Respect honor and trust</td>
<td>Ping-Pong, billiards, foosball at workplace</td>
</tr>
<tr>
<td></td>
<td>PTO separating sick leave and vacation</td>
<td>Extended maternity leave</td>
</tr>
<tr>
<td></td>
<td>Meetings involve all employees</td>
<td>Professional development</td>
</tr>
<tr>
<td>Intellectual Needs</td>
<td>Freedom to create things form ground up</td>
<td>Training and professional development</td>
</tr>
<tr>
<td></td>
<td>Take initiative to make things happen</td>
<td>20 percent time program</td>
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</tbody>
</table>

From the above table, the following messages stand out which is a manifestation of the general guidelines laid out previously:

- Both companies have taken into consideration the three types of needs when designing their motivation systems;
• HDS attaches great importance in taking care of employees’ social needs whereas Google focuses more on intellectual needs. This is because, in general, both businesses’ employees are middle class workers with decent material wealth; thus social and intellectual needs are more important for them;

• The example of the senior executive from Google indicates the company makes efforts catering to individual needs.

**Conclusion**

Francesco (2005) pointed out, “As organizations globalize, the task of developing motivation systems to fit the values and preferences of workers in a variety of cultures is becoming more demanding” (pp. 124-125). Without any doubt, motivating employees is a complicated and challenging task. However, if businesses can make a pie of rewards that matches their employees’ pie of needs with the right proportions of the three ingredients, such a pie will be hard to resist, happily worked for and consumed with loyalty.
Reference

Crystal, G. (May 14, 2005). Creative motivation at Google Inc.. Retrieved from:


http://computer.howstuffworks.com/googleplex3.htm