THE RELATIONSHIP BETWEEN CULTURAL ORIENTATION AND REWARD PREFERENCE: A STUDY CONDUCTED IN SOUTH AFRICA AND THE NETHERLANDS

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A dissertation submitted in partial fulfilment of the requirements for the degree of Master of Social Science in Organisational Psychology

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2015

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Acknowledgements

First, I would like to acknowledge my supervisor, Professor Anton Schlechter, for his invaluable trust, discretion, and support in guiding me throughout the process of writing the dissertation.

I would like to acknowledge Dr Felix Eggers for providing the conjoint software tool and his constant willingness to assist with his expertise regarding the conjoint analysis. Also, I would like to acknowledge Libby Eaton, for her much appreciated help in editorial corrections as well as her constructive directions and opinions throughout the dissertation project.

At last, I would like to acknowledge my family for supporting and allowing me in taking this academic opportunity abroad. Also, I would like to thank close friends who have been supporting me in vigorous times throughout last year.

Abstract

Orientation: Organisations operating in multiple countries and continents, referred to as multinationals, often experience cultural barriers when interacting with employees from the host county. These barriers, in turn, frequently result in counterproductive outcomes for the organisation. Being able to adapt Human Resource (HR) policies and practices to the cultural values and norms of the host country, multinationals will be better able to attract, motivate and retain their host country employees and achieve the strategic objectives they have set.

Research purpose: The aim of the current study was to investigate the relationship between an individual's reward preference and his/her cultural orientation by means of a novel methodological approach, while further investigating this relationship in two culturally distinct countries to allow for a comparison to be made.

Motivation for the study: Research linking rewards to cultural orientation is characterised by mixed findings, which could be related to cross-cultural measurement issues (for example, issues of level of analysis and the reference-group effect). By measuring at an individual level of analysis and exploring the use of choice-based conjoint analysis, the present study aimed to advance the field of cross-cultural remuneration research. The study aimed to show that, by linking cultural orientation and reward preference, multinationals can be helped to optimize their remuneration policies and practices in a way that brings about desired organisational outcomes.

Research design: A descriptive research design using quantitative methods was employed. Data was collected from employees in both South Africa (n = 132) and the Netherlands (n = 152). Survey items, responded to on a Likert-type response scale were used to measure an individual's reward preference and cultural orientation. To explore the potential bias introduced by the reference-group effect in cross-cultural reward research, a choice-based conjoint analysis was included to measure reward preference. Data from the field survey was analysed using descriptive and inferential statistics. Choice-based conjoint analysis was used to determine the relative importance of each reward element.

Main findings: The results of the Multiple Regression analysis revealed that certain cultural orientations were significantly positively related to reward preference. These included the

relationship between collectivism and group bonuses; uncertainty avoidance and job security; uncertainty avoidance and base pay; and long-term orientation and future oriented rewards. Uncertainty avoidance and long-term orientation were positively related to financially-oriented reward elements. The conjoint analysis allowed for further differentiation between these elements.

Practical implications: Multinationals will be able to better align their reward policies and practices with the preferences of employees who come from different cultures and who therefore possess differing cultural orientations. By doing so, multinationals will be able to improve their capability to attract, motivate and retain employees that come from distinct cultural backgrounds.

Research contributions: By taking a different methodological approach using choice-based conjoint analysis, this study showed that the preference for particular reward packages can not be solely reduced to linear relationships. In contrast to previous studies, this study was able to incorporate a single sample for both the dependent and the independent variables by measuring the cultural orientations at an individual level of analysis.

Keywords: cultural orientations, reward preferences, choice-based conjoint analysis.

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CHAPTER 1
INTRODUCTION

In the current era of increasing globalisation, the activities of multinational firms (organisations operating across multiple countries and continents) continue to expand rapidly. Despite the recent fall in global foreign direct investment, developing economies have posted steady growth in foreign direct investment inflows since 2009, which account for the major share of total global foreign direct investment inflows in 2014 (United Nations Conference on Trade and Development, 2015). This indicates that multinationals have become particularly more active in developing countries. Likewise, multinationals based in developing countries are increasingly acquiring foreign affiliates in developed countries. The summed effect of these shifts is that operations of multinational companies continue to rise, particularly at the intersection of developing and developed economies (United Nations Conference on Trade and Development, 2015).

One of the challenges of operating across national borders is staffing an organisation, especially when it comes to qualified employees and/or those with scarce skills (Gregersen & Morrison, 1998). To attract employees to foreign affiliates, multinationals predominantly focus on expatriating parent-country employees to the countries of operation. However, the employment of expatriates is associated with high costs for multinationals, increased adjustment demands for workers and families, together with attraction and retention difficulties of the workforce (Cieri, Dowling, & Taylor, 1991; Collings, Scullion, & Morley, 2007). By employing host country employees, multinationals reduce costs and can more easily overcome language, cultural and political barriers. However, this may in turn lead to a decrease in the control exerted by the headquarters (Dowling, Welch, Schuler, 1999). It is suggested that multinationals should shift their focus to employ local staff in foreign affiliates, ideally maintaining a mix between parent country employees and host country employees (Dowling et al., 1999; Harvey, Speier, & Novicevic, 1999).

To attract, retain and motivate employees, organisations offer what they believe to be the most desirable combination of reward elements (Lawler, 2000). This notion is supported by the social exchange theory, which posits that individuals analyse the costs and benefits of a relationship (Blau, 1964; Gouldner, 1960). According to the reciprocity principle of social

exchange theory, once an individual receives reward elements that are valued, it is likely that the individual will respond with beneficial (productive) attitudes or behaviour that favours the organisation, such as giving of their time, talent, efforts and results (WorldatWork, 2007). To attract and utilize the performance potential of talented and qualified employees, multinationals should offer the most desirable reward elements to their employees.

It has been noted that multinationals often stick to management practices proven to be successful in the country of origin and transfer these practices to other affiliations abroad (Harzing & Sorge, 2003). However, critics of this approach suggest that management approaches should not be applied universally, but that the cultural context in which the operation finds itself should be taken into account (Elenkov, 1998). Previous research supports this notion. Empirical evidence has been found showing that management practices elicit stronger business performance when adjusted to the local national culture (Newman & Nollen, 1996). In the same vein, it is likely that remuneration strategies are valued differently among employees of different cultures. To best utilize the human resources of international companies, it would be relevant to know how the preference for reward elements is related to cultural orientations as found in various national cultures.

Previous research has found employees' national culture to be related to their reward preferences (Herkenhoff, 2002). However, not all of these findings have been successfully replicated in later studies (see for example, Chiang, 2005; Chiang & Birtch, 2006). Research investigating the influence of national cultures on reward preferences has been characterized by mixed results. The mixed findings are possibly due to methodological issues that are common to cross-cultural research (Minkov, 2013). To overcome the methodological problems found in cross-cultural management research and bring new insights to the field, it has been recommended that future studies should consider alternative explanations and apply different approaches of data collection and methods of analysis (Tung & Verbeke, 2010).

The present study had two aims. The first aim was to investigate the relationship between cultural values and remuneration preferences. With this insight, multinationals can apply their remuneration policies towards the culturally distinct workforce in a way that enhances the attraction, motivation and retention of these employees. Secondly, the present study aimed to explore and apply a potential methodological advance by adopting methods not

used before in cross-cultural remuneration studies. By following a different methodological approach, the study hoped to generate new insights into the previous mixed findings, together with possible methodological advancements in the study of rewards and culture.

In the second chapter, the concepts culture and rewards are introduced. Based upon theoretical predictions and previous research, the hypotheses are formulated linking culture to rewards preferences. The third chapter will present the research methods as employed in this study. Chapter four includes the results of the statistical analysis that were used to test the hypotheses. These results are further discussed in chapter five.

CHAPTER 2
LITERATURE REVIEW

This chapter explores the two key concepts underpinning this thesis, in other words culture and rewards and provides an overview of the theoretical relationship between them. Firstly, the culture construct is defined, and several cultural value models/theories are introduced. Issues related to the level of analysis common to studies such as the present study, will be addressed. Thereafter, the rewards construct will be discussed. Bringing the two constructs together, previous studies in the relatively small field of remuneration and culture will be discussed. Finally, based on the theoretical perspectives and previous findings presented here, the chapter presents the hypotheses that were empirically investigated.

Defining Culture

Culture as a construct has received increased interest in social science research in an effort to better understand individual differences and how people feel, think and behave. Various authors have proposed definitions of culture. Kroeber and Kluckhohn (1952) defined culture as follows:

> "Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action." (Kroeber & Kluckhohn 1952: 181; cited by Adler 1997: 14)

Kroeber and Kluckhohn's (1952) definition includes elements of human behaviour, symbols, artefacts, ideas and values, which indicates that culture is a broad construct. Schein (1985) defines culture as an individual's most basic, consciously and unconsciously held assumptions, beliefs, norms and values that are shared among a group or nation (as cited in Chiang, 2005). While Kroeber and Kluckhohn's (1952) definition includes behavioural aspects, Schein's definition is limited to implicit aspects of culture. In the present study, culture is conceptualised in the manner proposed by Schein (1985), in other words focussing on the

implicit assumptions, beliefs, norms and values that are shared. As culture is a complex social phenomenon, it is hard to fully conceptualize it and as a result, it is hard to adequately measure it (Owe, 2013).

To get an overview of the conceptual complexity of the culture construct, Owe (2013) builds on the work of Brewer and Chen (2007) by dividing culture into three facets, namely: values, beliefs and self-representations. These facets represent the different questions to which culture gives answers (Brewer & Chen, 2007). More specifically, culture answers questions about how things should be (values), how the world works (beliefs) and questions about the self (self-representations). These facets provide a useful framework in order to link culture to reward preferences.

As a preference is inherent to how a situation should be it is likely that, due to conceptual overlap, there is a strong link between the preference for certain rewards and certain values. This notion is supported by Vroom's expectancy theory (1964), which explains motivation in terms of three factors, namely: expectancy, instrumentality and valence. Expectancy refers to the belief that effort results in good performance. Instrumentality refers to the belief that good performance will lead to a good result, and valence refers to whether the good result is valued. In terms of these factors, both cultural values and rewards relate to the factor valence i.e. the degree in which something is valued. Due to the closely related nature of values and rewards, value-orientated theories are arguably a useful bridge to investigate whether culture can be related to the preferences of rewards.

Cultural studies can further be divided into the so-called emic and the etic approaches (Berry, 1969). The emic approach argues that culture has unique aspects and can better be understood on its own and preferably studied from within a specific culture. Scholars supporting this approach posit that culture determines how someone perceives phenomena and, consequentially, this implies that no culture-free perception exists. On the other hand, the etic approach argues that cultures consist of general laws or universal aspects that can be studied from outside the culture. By comparing cultures, cross-cultural research presupposes that there are universal elements in culture (Sekeran, 1983). To foster our understanding of reward preferences, as they exist in different cultures, the present study follows an etic approach i.e. by adopting a universal model to examine the research question.

Value Models

One of the first value-oriented models describing culture was the Rokeach Value Survey created by Rokeach (1973). This survey ranked the preference of 18 instrumental and 18 terminal values. Instrumental values refer to the desirable mode of conduct (for example, ambition, honesty, logic) and terminal values refer to desirable end-states of existence (for example, happiness, family security, inner harmony). While terminal values are related to what people want to achieve, instrumental values refer to the ways to achieve those terminal goals. The Rokeach Value Survey consists of a variety of items that were designed to measure different domains in life. However, it has been pointed out that values described by one word can have more than one interpretation (Cochrane, Billig, & Hogg, 1979). For example, the value *equality* can be differently interpreted by left-wing and right-wing party supporters. Multiple interpretations have also been found for other values (Gibbins & Walker, 1993). Nevertheless, Rokeach's (1973) theory and questionnaire have been widely used in culture research. For example, based on Rokeach's theory, Schwartz developed a cultural model which will be discussed in a later section below.

Hofstede (1980) provided a culture model that consists of a set of cultural dimensions. Hofstede (1980, p. 25) defines culture as "…the collective programming of the mind which distinguishes the members of one human group from another". The development of these *mental programs* begins during early childhood and are reinforced in schools, institutions and organisations. In Hofstede's conception, values are seen as the core element of culture and are manifested in rituals, heroes and symbols (Hofstede, 2001). From 1967 to 1973 Hofstede administered surveys at IBM across 66 countries, surveying employees' values. He found that mainly four cultural value dimensions were present, which he described as individualism, masculinity, power distance and uncertainty avoidance. Later the dimensions long-term orientation and indulgence were added (Hofstede & Minkov, 2010; Hofstede, 2011). Hofstede's model is arguably the most widely used etic approach to compare cultures with one another (Peterson & Søndergaard, 2011). It has also engendered considerable debate, garnering both critique and support over the years. For instance, McSweeney (2002) criticized the large national variations, the limited scope of questions and the unrepresentative sample Hofstede used in relation to nations. In response to McSweeney, Williamson (2002) cautioned that McSweeney raised most of his criticisms solely from the functionalist paradigm. Although

Williamson acknowledged that McSweeney raised important warnings for functionalist models that investigate culture regarding validity and reliability, it was suggested that McSweeney failed to fully falsify Hofstede's model and that it remains a valuable model for understanding culture (Williamson, 2002).

By using the Rokeach Value Survey among teachers, the social psychologist Schwartz (1992, 1994) identified 56 values. Ultimately, this list was reduced to 10 higher order motivational types of values that are found at the individual level (Schwartz, 1992) and seven motivational values that are found on a country-level (Schwartz, 1994). Although these values are comparable, they are not the same. With the reduced number of values, Schwartz left the instrumental and terminal criteria of Rokeach (1973) and demonstrated in an empirical study executed in 20 countries that the values Schwartz identified are universal among those countries (Schwartz, 1994). As his study was partially aimed at examining the reliability of Hofstede's dimensions, all of the seven country-level values found among teachers were at least correlated with one of Hofstede's dimensions (Schwartz, 1994). It is argued that Schwartz's national value types can be seen as "…variants of Hofstede's dimensions, albeit distant ones" (Minkov, 2013, p. 230).

Another cultural value model comes from the GLOBE research program, one of the largest cultural studies to date with data being collected in 62 countries (House, Hanges, Javidan, Dorfman, & Gupta, 2004). The GLOBE program investigated nine cultural dimensions around the world, some of which were derived from Hofstede's work. One of the aims was to correct, improve and expand on Hofstede's work (House et al, 2004; Minkov, 2013). By doing so, the GLOBE study incorporated a different approach to that of Hofstede. For example, in addition to investigating the current state of culture dimensions, the questionnaire also incorporated *should be* dimensions, wherein individuals indicate how they would prefer a culture dimension to be (House et al., 2004). The difference between the actual scores and the *should be* scores indicates how people reflect on their society and how they would wish to change it. Despite following a different approach, Hofstede (2006) argues that the outcomes of the GLOBE program were similar to his model.

Based on the models described above, it can be argued that Hofstede's work forms the basis for all cultural value models. Smith (2006, p. 919) notes that "Hofstede's (1980)

pioneering study provided the impetus for our endeavours in understanding psychological aspects of national cultures". Furthermore, replication studies have found support for at least three of the culture dimensions (for example, De Mooij, 2003; Hoppe, 1990; Mouritzen & Svara, 2002; Shane, 1995; Van Nimwegen, 2002), while other studies have found support for the original four dimensions of the Hofstede model (for example, Hoppe, 1998; Merritt, 2000). Furthermore, previous cross-cultural remuneration research that investigated the relationship between culture and reward have incorporated Hofstede's model.

Hofstede's (1980) model will be employed in the present study as its conceptualisation of culture is widely accepted, and it allows for the comparison of the results obtained to those found in previous studies. Before proposing various relationships between culture and remuneration, a methodological issue regarding the level of analysis of Hofstede's framework needs to be discussed.

Culture in Individuals

The level of analysis of Hofstede's dimensions has received increased interest. Hofstede himself posits that researchers should only use his Value Survey Module (VSM) scales at the ecological level of analysis, which are in this case national societies (Hofstede, 2001). Hofstede (2001) argues measurements at an individual level of analysis are more akin to a trait like personality as opposed to a cultural phenomenon; he suggests that national cultures can only be detected by aggregating individual scores. However, Hofstede asserts that researchers should be aware of potential biases of using a national scale. He warns against the *ecological fallacy*, which is the assumption that the relationship between two constructs on an ecological level of analysis also holds true for another level (Thorndike, 1939; Hofstede, Bond, & Luk, 1993). For example, it is not possible to draw conclusions about individuals with findings on an ecological level of analysis. Individuals in a sample may hold different cultural values than the average scores on the ecological level. Hofstede (2001) also warns against the *reversed ecological fallacy*, which implies drawing conclusions about societies with findings obtained at an individual level of analysis.

The issues regarding the level of analysis are supported by findings related to the within-nation variance of culture. Lenartowicz, Johnson and White (2003) found that within-country cultural variation exists, which indicates that not all cultures are homogeneous and that sub-

cultures exist within a country. Hofstede and Minkov (2011) acknowledged intra-country cultural variation, and investigated whether sub-cultures tend to cluster around national borders or other cross-border regions that were likely to be similar. The results indicated that nation cluster sub-cultures stronger than cross-border regions, and therefore, nations prove to be a useful boundary to separate cultures from another. However, the study of Hofstede and Minkov (2011) does not refute the existence of within-country variation, nor the existence of subcultures, that are related to confounding results and false conclusions. As individuals in the countries are not homogeneous in relation to the dimension scores, national scores would not be valid for the comparison to individual scores.

A second issue in using Hofstede's national cultural scores in relation to findings of individuals is that country scores can be outdated. Hofstede (2001) argues that the differences between national cultures are extremely stable. He further posits that although cultural values may change, such shifts will occur similarly in all countries in ways that the difference between the country values remains the same (Hofstede, 2011; Minkov, 2013). When investigating several socio-cultural values between the United States, Hong-Kong and China in 1991 and 2001, Ralston et al. (2006) found differences between the socio-cultural values, which suggest that cultural values can change over time. The studies were in line with Hofstede's dimensions where one of the incorporated values was long-term orientation, while the other incorporated values related closely to uncertainty avoidance, masculinity and power distance. In contrast to Hofstede's argument, the results indicated that the difference between cultural values of countries do change over time. In the same vein, Steel and Taras's (2010) meta-analysis indicated that cultures can be considered to be changeable as a consequence of economic, political and societal systems and, therefore, it is suggested that the national indices of the cultural dimensions of Hofstede are outdated.

Comparing Hofstede's country indices to current assessments obtained from individuals may lead to false conclusions. To avoid the *ecological fallacy*, the majority of studies measure culture at an individual level (Kirkman, Lowe, & Gibson, 2006). This can be done by using Hofstede's original VSM scales or adjusted scale. The present study will make use of a scale measuring an individual's orientation towards each cultural value dimensions of Hofstede, also referred to as *cultural orientations.* Hofmann (2002) suggests that the structure and the function of constructs be highlighted, while comparing different levels of analysis.

Comparing constructs at multiple levels of analysis

It would be advisable to examine Hofstede's notion related to the structure and the function of culture on different levels of analysis. Hofstede (2001) argues that both the structure and the functions of culture may be non-equivalent to each other – also called non-isomorphism. In terms of structure, Hofstede (2001) states that the dimensions found on the national level of analysis should not be used at the individual level of analysis, because the same structure would not exist at this level. While measurements at an individual level of analysis refer to personalities or values, measurements at a country level refer to collective cultural phenomena (Hofstede, 2001l; Hofstede, Bond, & Luk, 1993). However, a study using Schwartz's Value Survey indicated that the structure of cultural value dimensions at a country level are similar at an individual level, although true structural isomorphism was not met in the study (Fischer, Vauclair, Fontaine, & Schwartz, 2010). According to Bliese (2000), true structural isomorphism is quite rare in a shared construct such as culture. Instead, a structural comparison of culture at individual and aggregated level constructs may be surrounded by fuzziness: the levels of analysis may be related, but not be the same (Bliese, 2000).

In terms of function, as discussed above Hofstede (2001) states that relationships on the individual-level of analysis can be different from relationships at the country level of analysis, and the ecological and reversed-ecological fallacy may occur. However, while linking reward to cultural values, it is likely that the relationships are quite similar. For example, it can be argued that in a materialistic national culture, tangible rewards are more preferred than intangible rewards. In a similar vein, individuals with a materialistic orientation are likely to prefer tangible rewards over intangible rewards. Although cultural orientation might differ structurally from Hofstede's national dimension scores, we assume that the functional relationship between cultural orientations and reward preferences are similar at both levels. In the present study theoretical predictions and empirical findings from country-level studies were used to formulate the research hypotheses.

It should be noted that the present study did not use the original VSM questionnaire of Hofstede (1980) designed to measure the national dimension scores. By using an adjusted scale for the individual level of analysis, the study measured the orientation of an individual towards each dimension. Before reviewing the previous studies that investigated the relationship

between culture orientation and reward preference, the reward construct will be briefly introduced.

Rewards

Rewards are used to encourage behaviour that is beneficial for the organisation, such as achieving organisational objectives that add value. To determine the degree of rewards, employees are mainly evaluated based on their contribution and competencies, which are valued according to a market value (Armstrong, 1996). To determine and manage all the rewards provided in an organisation, an employee reward system is used that includes such elements as reward philosophies, strategies, policies, plans and processes (Armstrong, 1996).

Rather than viewing rewards as solely financial remuneration and benefits, rewards can be approached holistically in terms of the so-called *total rewards* approach, which includes everything an employee gains from an organisation. Armstrong and Stephens (2005) describe total rewards as a combination of transactional rewards (extrinsic and financial rewards) and relational rewards (intrinsic and non-financial rewards). The total reward association WorldatWork (2007) has a slightly different approach to the total reward concept, distinguishing five elements that are believed to attract, motivate and retain employees. These elements are work-life balance, benefits, performance and recognition as well as development and career opportunities. In the present study we adapted the holistic notion of reward, including multiple ,elements of both financial and non-financial rewards, when investigating the relationship between cultural orientation and the preference for specific reward elements.

Existing research on the relationship between cultural orientations and rewards preferences is relatively limited. The following section provides an overview of this literature.

The Relationship between Cultural Values and Reward Preferences

According to a demand-supply approach, reward practices can be considered to be the supply side, whereas reward preferences can be considered to be the demand side. Arguably, cultural values have a similar relationship with the prevalence of the supply and demand side of rewards. The arguments for predicting prevalence in reward practices and reward preferences are often similar. Therefore, theoretical assumptions and empirical findings of reward practice studies are often included by previous remuneration studies as building blocks

in forming hypotheses between reward preferences and cultural values (e.g. Chiang & Birtch, 2006). As studies examining reward practices are important to the cross-cultural field of remuneration, this review begins with studies investigating reward practices in cross-cultural reward studies.

Cultural values and reward practices

Gomez-Mejia and Welbourne (1991) proposed several relationships between Hofstede's cultural dimensions and remuneration practices. Gomez-Mejia and Welbourne argue that international companies should adjust their pay systems towards the national culture of operation. They suggested multiple compensation strategies based on the initial four dimensions of Hofstede (i.e. individualism, masculinity, power distance, and uncertainty avoidance). Subsequent research commonly referred to these compensation strategies.

In their research in multinational companies, Newman and Nollen (1996) analysed secondary data to examine whether a fit between Hofstede's dimensions (including long-term orientation) and certain management practices leads to better financial performance of work units. Although not all of the hypotheses were supported, an overall fit between the cultural dimensions and various reward practices was found to increase the financial effectiveness of work units.

Schuler and Rogovsky (1998) were the first to directly examined Hofstede's dimensions in relation to remuneration by investigating whether reward practices were culturally bound. The study made use of Hofstede's dimensions (1980) as measurements for national culture and reward practices, while no control variables were incorporated. The results supported a majority of the expected relationships between reward practices and national scores on the initial four cultural dimensions.

In addition, Kim (2012) measured the relation between three reward practices and the initial four national culture indices of Hofstede. Similar to Schuler's and Rogovsky's study (1998), Kim's study used a secondary dataset to measure the reward and culture. Support for the hypothesis that culture is related to remuneration was, however, not found. Kim (2012) suggested that other contextual factors may have confounded the study results.

Cultural values and reward preferences

Herkenhoff (2002) was the first to examine the relationship between reward preferences and Hofstede's cultural dimensions, including long-term orientation. Furthermore, in addition to the country level she also included an individual level of analysis. A survey using Likert-type response scales were used to measure reward preferences. Herkenhoff's study incorporated adjusted scales of Hofstede's VSM questionnaire applied to the individual level of analysis. On a country level the study used aggregated scores of this questionnaire. At the individual level of analysis, it was found that power distance is related more strongly to a preference in hierarchical reward elements than non-hierarchical reward elements; long-term orientation is related more strongly to a preference in pension benefits than base pay increases; masculinity is related to a lesser degree to a preference for family welfare benefits than base pay increases; collectivism is related more strongly to group-oriented performance rewards than individual-oriented performance rewards; and that collectivism is related more strongly to a preference in equal pay than varying amounts between the team members. Herkenhoff's study illustrated that reward preferences are related to cultural orientations. It was shown that relatively, more variance could be attributed to country level of analysis as to the individual level of analysis.

Chiang (2005), as well as Chiang and Birtch (2006, 2007) have also measured reward preferences in relation to Hofstede's cultural dimensions. These studies used Likert-type response scales to measure reward preferences and incorporated Hofstede's national score indices. This resulted in mixed findings. Only a few of the hypotheses were supported, such as a positive relationship between uncertainty avoidance and job security and a negative relationship between masculinity and support oriented rewards (Chiang & Birtch, 2006). Not all between-country variation in reward preferences could be explained by the differences in cultural dimension scores. It is possible that the effects of culture were less visible in the relatively small study design (Chiang, 2005; Chiang & Birtch, 2006, 2007), which included a comparison between four countries in contrast to the ten countries that Herkenhoff included (2002). Chiang and Birtch (2006, 2007) suggested that reward preferences are also influenced by other macro factors, such as environmental, economic and political influences.

Most previous studies investigating reward preferences and cultural values made use of Hofstede's national dimension indices to measure culture (Chiang, 2005; Chiang & Birtch,

2006, 2007). By doing so, the researchers assumed that national value dimension scores overlap with the value scores of their samples. However, this may be not be the case due to intra-country cultural variation, which may lead to different cultural values in the sample used by Hofstede and by these studies. This possible error was acknowledged by the authors (Chiang & Birtch, 2006, 2007). In the same vein, the cultural values could have changed over time, as mentioned earlier.

In addition to the biases in using Hofstede's national country scores, the previous studies all use Likert-type response scales. This methodology poses an interesting problem for cross-cultural studies: the reference-group effect.

Reference-group effect

It has been shown that surveys with Likert-type response scales can bias the results in cross-cultural analysis (Minkov, 2013). This type of questionnaire elicits a subjective response that is based upon a comparison group or shared norm (Biernat, Manis, & Nelson, 1991). Heine, Lehman, Peng and Greenholtz (2002, p. 904) call this the *reference-group effect,* which is defined as "…the confounding role of context in comparisons of mean questionnaire responses across different groups, in particular (but not exclusively) across different cultures".

The reference-group effect can be explained by the following example (Heine, Lehman, Peng, & Greenholtz, 2002). Imagine tall individuals that live in a generally tall population. When they are asked to estimate their height on a scale from 1 to 5 – very short to very tall – these individuals would estimate their height compared to the range with which they are familiar. People choose this reference group unconsciously based on age, sex, ethnicity and nationality (Heine et al., 2002). In reference to this group, it is possible that the individual's height is quite average, because most people in the group are tall like them. Therefore, the tall individuals would give an intermediate answer. Likewise, this would be true for short individuals who base their answer on a relatively short reference group. Both these groups of people could potentially score their own height as being intermediate or average on the 5-point Likert scale. Hence, comparing answers from the tall individuals and the short individuals on a Likert-scale does not reflect the actual differences in height. Therefore, the magnitude of the actual differences are reduced by the reference-group effect.

Previous research has shown this confounding effect to be present in cross-cultural research (e.g. Heine et al., 2002). As with a relative concept like "tall", there is no universal consensus in what would be the absolute threshold with regards to the expression of preference. Therefore, the scores are relative and people would adjust their answers in comparison with or in reference to their group. The ambiguous findings in the relationship between reward preferences and national cultures could therefore be due to using Likert-type response scales. Consequentially, actual differences in reward preferences between cultural groups may not have been accurately observed.

To overcome this confounding effect, Heine et al. (2002) suggest using a method with a forced choice between concrete options. This would result in more objective results without basing the answer on a comparison group. In line with this reasoning, it is suggested that one way to overcome the reference-group effect is by using direct comparisons of individual stimuli (Biernat et al., 1991). Previous cross-cultural research using forced-choice frameworks showed increased validity (for example, Heine at al., 2001; Peng, Nisbett, & Wong, 1997). To overcome the limitations of previous studies of this nature, the present study incorporated a forced-choice framework with concrete options, namely choice-based conjoint analysis also known as choice-based modelling (Mahajan, Green, & Goldberg, 1982).

Choice-based conjoint analysis was originally introduced in the marketing research field to more realistically replicate human decision making when choosing between product options (Green, Krieger, & Wind, 2001). By asking a respondent to choose repeatedly between different configurations of product elements, it is possible to measure the person's relative preference for a particular element compared to the others. As with products, remuneration packages can also be offered with different elements. Employees can choose between different jobs based on the configuration of rewards, incentives and benefits they are offered. The forced-choice research technique can more realistically reflect the situation where a person must choose between different remuneration packages that consist a different composition of reward elements when comparing job opportunities or offers from different employers. The technique has already been successfully applied in remuneration research to assess reward preferences between different cohorts of employees (Black, 2014; Schlechter, Faught, & Bussin, 2014; Pregnalato, 2010).

Heine at al. (2002) suggest that methods which are more subjective and prone to the reference-group effect – such as Likert-type scale responses – are less likely to detect cultural differences. As individuals are likely to use their cultural environment as a reference norm while determining their answer on the Likert response scale, the actual differences between two cultures are less likely to be observable by using this method. By using choice-based conjoint analysis, respondents are forced to make a trade-off between different levels and attributes and, consequentially, are not stimulated to respond to their answers based on a range of endpoints. The trade-off between different options inhibits respondents to determine their answer based upon the reference group. To explore the role of the reference-group effect, the present study used choice-based conjoint analysis in addition to a Likert-based response scale.

Two methodological issues identified in the existing cross-cultural research were explored using different data collections methods. First, to account for the ecological fallacy and the changeability of cultural values, the present study incorporated its own measurement of Hofstede's dimensions at an individual level. Secondly, the present study incorporated a choice-based conjoint analysis to explore the role of the reference-group effect in cross-cultural reward research.

Linking Cultural Orientations to Reward Preferences

To propose and substantiate the hypothesis that cultural values and reward preference are related, a review of previous theoretical and empirical research into this relationship for each separate cultural dimension is provided.

Collectivism

According to Hofstede (1980), the dimension individualism-collectivism is the way in which an individual relates to the group in a society. In other words, it reflects the cohesiveness of the society. While in individualistic societies people focus more on their self-interest, people in collectivistic cultures tend to focus on the in-group, which is characterized by lifelong loyalty (Hofstede & Hofstede, 2005). Hofstede and Hofstede (2005) examined the relation between several work goals and the cultural dimensions. The results indicated that employees in individualistic cultures prefer rewards related to work-life balance, autonomy and challenge, while employees in collectivistic cultures preferred training opportunities, the physical work conditions and being presented with the opportunity to use one's skills. In other words, research

supports the notion that individualistic-oriented work goals emphasize the importance of the independence of the employee, while the collectivistic-oriented work goals refer to the employee's relatedness to the organisation.

Gomez-Meija and Welbourne (1991) argue that employees from individualistic countries tend to base their relationship upon a contract, while employees from collectivistic countries are more morally committed to an organisation. In individualistic countries, employees are less bonded to an organisation and the colleagues, because both the employer (from the employee perspective) and the employee (from the employer perspective) can be readily replaced. Due to the interchangeability of employees and employers, employers tend to evaluate their employees on individual performance, while employees prefer rewards based upon individual input (otherwise they could better work for somebody else). Therefore, employees tend to be rewarded based upon their individual performance and will compare their pay to similar efforts in other organisations. Previous research indicates that individual oriented reward practices (Newman & Nollen, 1996; Schuler and Rogovsky, 1998) or preferences (Herkenhoff, 2002) are more common in individualistically oriented countries, while other studies found no support for such a notion (Chiang, 2005; Chiang & Birtch, 2006). Based on the arguments presented above, the following hypothesis was formulated:

Hypothesis 1a: An individual's level of collectivistic orientation is negatively related to his/her level of preference for bonuses based on individual performance.

On the other hand, it is argued that employees in collectivistic countries tend to favour group oriented rewards more than individualistic or individual oriented rewards. The argument follows that less differentiation of pay differences leads to less differentiation of group cohesiveness (Kirkman & Shapiro, 1997). It is also argued that it is more difficult to identify individual performance because work results are more the result of the group as a whole than individuals (Child & Markozy, 1993; Kirkman & Shapiro, 1997). Herkenhoff's (2002) study indicated that group performance-based pay was preferred over individual performance-based pay in collectivistic countries. Furthermore, Herkenhoff (2002) found that in collectivistic countries, receiving equal pay between team members was preferred over receiving varying amounts. It can be argued that bonuses based upon group-performance are preferred in collectivistic countries due to the equal pay that is provided between the members of the group,

which may be beneficial for group cohesiveness. Based on the arguments and findings presented above, the following hypothesis was formulated:

Hypothesis 1b: An individual's level of collectivistic orientation is positively related to his/her level of preference for bonuses based on group performance.

Masculinity

Hofstede and Hofstede (2005, p. 120) characterize masculine societies as those having clearly distinguished gender roles where "…men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with quality of life". On the other hand, in feminine societies these gender stereotype roles are less predetermined. While organisations in masculine societies are typically characterised by equity, mutual competition and performance, organisations in feminine societies are characterised by equality, solidarity and work-life balance (Hofstede & Hofstede, 2005). In relation to work goals, Hofstede and Hofstede (2005) found that the work goals of earning, recognition, advancement and challenge were more related to the masculine pole, whereas cooperation, job security, and good relationships with one's superior were related to the feminine pole.

It is argued that among masculine cultures there is a stronger emphasis on the acquisition of material success (Gomez-Meija & Welbourne, 1991). A common way to achieve material success is through monetary rewards. Therefore, it is very probable that high base payments are more preferred among masculine cultures. Although previous research has indicated that financial rewards are preferred over non-financial rewards in masculine countries (Chiang & Birtch, 2006), these results have not been successfully replicated in the same countries (Chiang, 2005; Chiang & Birtch, 2007). Based on the arguments presented above, the following hypothesis was formulated:

Hypothesis 2a: An individual's level of masculine orientation is positively related to his/her level of preference for base pay.

Moreover, Beer and Katz (1998) proposed that due to the emphasis on material success, a relationship between performance and pay is also of great importance for employees from a

masculine orientated culture. This notion is supported by the results of Newman and Nollen's study (1996), which showed that merit based pay and promotion was associated with masculine societies. The latter study explained this finding by the need for achievement. However, Kim (2012) did not successfully replicate this finding. Based on the arguments presented above, the following hypothesis was formulated:

Hypothesis 2b: An individual's level of masculine orientation is positively related to his/her level of preference for performance based bonuses.

Furthermore, the motto *work in order to live* is more common in feminine cultures, opposed to the norm 'live in order to work' in masculine cultures (Hofstede, 1998). This is supported by previous research that shows that work-life balance rewards were more preferred and/or offered in feminine societies (Schuler & Rogovsky, 1998; Herkenhoff, 2002). Work-life balance rewards are aimed at letting employees be flexible with combining their work and non-work time (Wise, Bond, & Meikle, 2003). Examples of work-life balance rewards are flexible or welfare benefits plans, workplace childcare, career break schemes and maternity-leave plans. However, Kim's (2012) study did not find support for this notion. Based on the theoretical predications presented here, the following hypothesis was formulated:

Hypothesis 2c: An individual's level of masculine orientation is negatively related to his/her level of preference for flexibility and work-life balance.

Power distance

Hofstede and Hofstede (2005, p. 402) define power distance as "…the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally". Individuals in societies high in power distance are more likely to accept relatively unequal rewards and hierarchy positions such as promotion, status, job title and authority (Hofstede, 1980). It is argued that in high power distance societies, organisations are generally hierarchically structured and decisions are centralized; power is controlled from higher positions (Gomez-Meija & Welbourne, 1991). This form of power distribution is likely to be reflected in remuneration policies. Herkenhoff (2002) found support for the notion that employees in high power distance societies prefer hierarchical remuneration elements. In line with this, Tosi and Greckhamer (2004) indicated that there was a larger gap in salary

differences between CEO's and lower level employees in countries with high levels of power distance. However, the study of Chiang and Birtch (2006) did not replicate this finding. Based on the theoretical predications and empirical findings, the following hypothesis was formulated:

Hypothesis 3a: An individual's level of power distance orientation is positively related to his/her level of preference for hierarchical pay.

On the contrary, performance driven rewards are likely to close the salary gap between the supervisor and the subordinate, and as a consequence, these rewards are less likely to occur in high power distance societies (Chiang, 2005). In the same vein, research indicates that participative management is negatively related to the financial performance of companies in cultures that are high on power distance (Newman & Nollen, 1996). Likewise, it can be argued that participative employees are preferred in societies characterized by less power distance, where organisations are centrally structured. As a consequence, rewarding employees based upon performance may be preferred as it can stimulate participation and does not affect the relationship with the supervisor. Based on the theoretical assumptions presented above, the following hypothesis was formulated.

Hypothesis 3b: An individual's level of power distance orientation is positively related to his/her level of preference for performance-based bonuses.

Uncertainty avoidance

Hofstede and Hofstede (2005, p. 403) defined uncertainty avoidance as "…the extent to which the members of a culture feel threatened by ambiguous or unknown situations". Importantly, uncertainty avoidance should not be confused with risk avoidance (Hofstede & Hofstede, 2005). While risk can be linked to the chance of a specific event, uncertainty refers to general feeling of ambiguity. Hofstede and Hofstede (2005) argue that while uncertainty elicits anxiety, risk elicits fear. One way for organisations to lower the experience of ambiguity is by setting rules and regulations. This is supported by the findings that rules and regulations are related to better financial performance in societies high on uncertainty avoidance (Newman, & Nollen, 1996). It is likely that performance-based rewards, which are characterized by ambiguity in whether the performance target will be achieved, are more preferred among individuals in low

uncertainty avoidance societies than individuals in high uncertainty avoidance societies. Based on these theoretical predications, the following hypothesis was formulated:

Hypothesis 4a: An individual's level of uncertainty avoidance orientation is negatively related to his/her level of preference for performance-based bonuses.

In a similar vein, Gomez-Meija and Welbourne (1991) argue that employees in high uncertainty avoidance societies prefer stability and security, which can both be linked to job security. Previous studies support the notion that employees in high uncertainty avoidance societies generally prefer job security (Herkenhoff, 2002; Chiang & Birtch, 2006). Gomez-Mejia and Welbourne (1991) further argue that compensation strategies in high uncertainty avoidance societies tend to be specified and bureaucratic, so as to reduce ambiguity. Therefore, it has been proposed that a more predictable, fixed reward is preferred to variable reward in societies that score high on uncertainty avoidance. However, this notion has not been supported by previous studies, which suggests that societies characterized by higher tolerance of uncertainty may not necessarily eschew rewards based on performance (Schuler & Rogovsky, 1998; Chiang, 2005; Chiang & Birtch, 2006). In line with theoretical predictions and earlier findings, the following hypotheses were formulated:

Hypothesis 4b: An individual's level of uncertainty avoidance is positively related to his/her level of preference for job security.
Hypothesis 4c: An individual's level of uncertainty avoidance is positively related to his/her level of preference for base pay.

Long-term orientation

One of the criticisms of Hofstede's cultural dimension is that the questionnaire was developed from a Western perspective. By taking another approach in collaboration with a group of Chinese scientists, a questionnaire was developed consisting of several Chinese values that showed a new dimension, which was called long-term orientation (Hofstede & Bond, 1988). While people that are more long-term orientated are likely to be more pragmatic and focused toward the future embracing virtues such as perseverance and thrift, people that are more short-term orientated are more traditional, focused to the past and more likely to be preservative and aimed to in meeting social obligations (Hofstede & Hofstede, 2005).

It is suggested that management practices related to long-term orientation are more effective when they include long-term employment (Newman & Nollen, 1996). Furthermore, the study of Lowe, Milliman, De Cieri and Dowling (2002) indicates that employees in countries that score high on long-term orientation generally had a stronger preference for pay systems with a future orientation. Additionally, Herkenhoff's studies (2002) indicated that high long-term orientation is related to a greater employee preference for retirement and pension benefits than for base pay increases. Based on these findings, the following hypotheses were formulated:

Hypothesis 5a: An individual's level of long-term orientation is positively related to his/her level of preference for retirement and pension benefits, as well as job security.

Hypothesis 5b: An individual's level of long-term orientation is negatively related to his/her level of preference for immediate rewards such as base pay and bonuses.

Conclusion

The present study used Hofstede's dimensions as a value model to investigate the relationship between culture and reward preferences. There are strong theoretical indicators that certain cultural values can be linked to reward preferences. However, previous research is characterized by mixed findings, which is likely due to methodological issues that plague cross-cultural research.

Firstly, it is indicated that national cultures can have within-country variation and that cultural values seem to change over decades (Lenartowicz, Johnson, & White, 2003; Ralston et al., 2006). Therefore, it is not recommended to compare the results from a sample one has obtained with the external database of Hofstede (1980) when comparing culture with reward preferences, as some previous studies did (Chiang, 2005; Chiang & Birtch, 2006, 2007). The present study therefore followed a different approach by measuring the extent to which individuals currently endorse the cultural dimensions. When measured at the individual level, these individual-level patterns are referred to as *cultural orientations*.

Secondly, it is likely that the ambiguous results in the existing literature are related to the reference-group effect brought about by using Likert-type response scales (Biernat et al., 1991). As recommended by Heine et al. (2002), the present study aimed to contribute to the research field of culture and remuneration by using a choice-based conjoint analysis.

Thus, by measuring all constructs at the individual level of analysis and using the conjoint analysis, the present study hoped to provide new insights in the field of remuneration and culture. Considering the various dimensions of culture and reward and the way in which they are related, several hypotheses were formulated (see Table 1 below for a summary).

Table 1
Overview Hypotheses between Cultural Orientations and Preferences for Reward Elements

Cultural orientations	**Preferences for reward elements**		
Collectivism	H1a: Individualistic-oriented bonus (-)	H1b: Group-oriented bonus (+)	
Masculinity	H2a: Base pay (+)	H2b: Performance-based bonus (+)	H2c: Work-life balance (-)
Power distance	H3a: Hierarchical pay (+)	H3b:Performance-based bonus (-)	
Uncertainty avoidance	H4a: Performance-based bonus (+)	H4b: Job security (+)	H4c: Base pay (+)
Long-term orientation	H5a: Retirement/ Pension benefits (+), Job security (+)	H5b: Immediate rewards (-)	

CHAPTER 3
METHOD

In this chapter the research methods employed in this study are discussed. Details regarding the research design, measuring instruments, target population, sample strategy and the demographic details of the respondents are also provided. The chapter concludes with an overview of the statistical methods that were used to analyse the data.

Research Design

The present study followed a quantitative approach, using a descriptive research design to investigate the relationship between cultural orientation and reward preference. As the data was collected at a given point in time, the study can also be described as having a cross-sectional design (Haslam & McGarty, 2003). The quantitative research method reflects a positivistic paradigm, which uses deductive reasoning and assumes that the world is objectively measurable by universal laws and causality (Burns & Burns, 2008).

Population

To investigate the relationship between reward preference and cultural orientation in culturally different countries, individuals from South Africa and the Netherlands were recruited for the study. Previous studies have found these countries to differ significantly on masculinity, long-term orientation and individualism, while minor differences have also been found in power distance and uncertainty avoidance (Hofstede, 2001). The sampling strategy targeted knowledge workers and students who are likely to encounter multinationals in the context of their careers. The sample aimed to include employees and students ranging from 18 to 67 years, both males and females.

Sampling Procedures

According to McCullough (2002) a sample size of 75 is sufficient for a conjoint analysis. As the study was conducted in South Africa and the Netherlands, a minimum of 75 respondents per country was therefore sought. A convenience sampling approach was followed in both The Netherlands and South Africa; with the regions surrounding Cape Town in South Africa and Rotterdam in the Netherlands being primarily used as sampling areas. The convenience sampling strategy included friends, family members, former colleagues and academic peers. A

snowball method was used, whereby each respondent was requested to distribute the questionnaire to additional respondents. Also, several managers of HR departments in South Africa were requested to distribute the questionnaire among staff in their organisations. Respondents were contacted by means of e-mails and requested to participate in an online survey.

Sample

Approximately 690 surveys were sent out in both the Netherlands and South Africa, of which 284 were completed (152 of the questionnaires were completed in the Netherlands and 132 were completed in South Africa). This represents a response rate of 41.2%, which is considered to be acceptable when the survey includes a reminder to fill in the survey (Cook, Heath, & Thompson, 2000; Nulty, 2008). Table 2 provides an overview of the realised sample, divided by country of living. It was noted that nearly all respondents in the Netherlands were classified as Dutch, wherein in South Africa the majority of the respondents were classified as South African.

Table 2

Nationalities per Country of Living (N = 284)

Nationalities in N (%)	**South Africa** ***n*=132**	**The Netherlands** ***n=152***
Belgian		1 (0.7)%)
Brazilian	1 (0.8)%)	
Bulgarian		1 (0.7)%)
Dutch		143 (94.1)%)
English		1 (0.7)%)
German	2 (1.5)%)	1 (0.7)%)
Ghanaian	1 (0.8)%)	1 (0.7)%)
Israeli		2 (1.3)%)
Kenyan	4 (3.0)%)	
Malawian	2 (1.5)%)	
Nigerian	1 (0.8)%)	
Rwandan	1 (0.8)%)	
South African	104 (78.8)%)	
Surinamese		1 (0.7)%)
Tanzanian	1 (0.8)%)	
U.S.-American	1 (0.8)%)	
Ugandan	1 (0.8)%)	
Ukrainian		1 (0.7)%)
Zambian	1 (0.8)%)	
Zimbabwean	9 (6.8)%)	

Table 3 provides an overview of gender and current employment status of the respondents. The age of respondents ranged from 18 to 68 (Mean=33.5, SD=13.7). In both countries the majority of the sample were females. Furthermore, the vast majority of respondents were either employed or studying.

Table 3

Age, Gender and Current Status (N = 284)

	Overall	**South Africa** ***n*=132**	**The Netherlands** ***n*=152**
Age in years *M* (*SD*)	33.5 (13.7)	30.48 (11.7)	36.07 (14.8)
Gender *n* (%)			
Female	170 (59.9%)	82 (62.1%)	88 (57.9%)
Male	113 (39.8%)	50 (37.9%)	63 (41.4%)
Current status *n* (%)			
Employed	188 (66.%2)	82 (62.1%)	106 (69.7%)
Unemployed	10 (3.5%)	2 (1.5%)	8 (5.3%)
Retired	4 (1.1%)	-	4 (2.6%)
Student	82 (28.9%)	48 (22.4%)	34 (22.4)%

Note. *M* = average, *SD* = standard deviation.

Table 4 summarizes the educational background of respondents, per country. In both countries the majority of participants' highest qualification was a post-graduate degree, whereas a bachelor degree was the second most completed qualification. In terms of current students, most were enrolled for a bachelor degree. In contrast to the Netherlands, there were proportionally more post high school students participating in the South African sample.

Table 4

Educational Background (N = 284)

	Overall	**South Africa**	**The Netherlands**
		***n*=132**	***n*=152**
	n (%)	**n (%)**	**n (%)**
Graduates			
High School	18 (8.9%)	7 (8.3%)	11 (9.3%)
Post high school	17 (8.4%)	5 (6.0%)	12 (10.2%)
Bachelor degree	60 (29.7%)	19 (22.6%)	41 (34.7%)
Post-graduate	101 (50.0%)	48 (57.1%)	53 (44.9%)
Doctorate	6 (3.0%)	5 (6%)	1 (.8%)
Students			
High School	3 (3.6%)	1 (2.1%)	2 (5.8%)
Post High School	29 (35.4%)	21 (43.8%)	8 (23.5%)
Bachelor degree	48 (58.5%)	24 (50.0%)	24 (70.6%)
Post-graduate	2 (2.4%)	2 (4.2%)	-
Doctorate/PhD	-	-	-

Respondents living in South Africa were asked to indicate their racial classification according to the racial categories specified in the Employment Equity Act (55 of 1998). The racial split of the South African sample can be found in Table 5. The two largest groups of participants were those classifying themselves as White (43%) and Black (34.1%).

Table 5

Racial Qualification of South African Sample (n = 132)

Racial qualification	**Frequency**	**Percent**
Black	45	34.1%
Coloured	11	8.3%
White	57	43.2%
Indian	4	3.0%
Preferred not to answer	7	5.3%
Other	4	3.0%

As is it uncommon to ask respondents in the Netherlands to indicate their race in a survey, the question was replaced by a question asking them to indicate their ethnic background. A list of the most commonly occurring ethnicities found in the Netherlands was provided for them to choose from. A summary of the ethnic profile of the Dutch sample is provided in Table 6. A

large majority of the sample (82.2%) classified themselves as Dutch, followed by Surinamese as the second largest ethnic group (4.6%).

Table 6

Ethnic Background of Dutch Sample (n =152)

Ethical background	**Frequency**	**Percent**
Dutch	125	82.2%
Indonesian	1	0.7%
Turkish	2	1.3%
Surinamese	7	4.6%
Carribean	2	1.3%
Preferred not to answer	1	0.7%
Other	10	6.6%

Employed respondents were asked to specify their current job level, whilst unemployed respondents were asked to specify their last job level. A summary of the job level (current and past for employed and unemployed respondents, respectively) is provided in Table 7.

In both countries most of the employed respondents indicated that they were in non-managerial or specialist roles. Also, a significant proportion of the respondents in both countries indicated that they were working as middle management.

Table 7
Job Level (n = 202)

	Overall n (%)	South Africa *n*=84 n (%)	The Netherlands *n*=118 n (%)
Employed respondents (current)			
Non-managerial/Specialist	101 (53.7%)	44 (53.7%)	57 (53.8%)
Supervisor/Team Leader	22 (11.7%)	8 (9.8%)	14 (13.2%)
Middle Management	33 (17.6%)	12 (14.6%)	21 (19.8%)
Senior Management	10 (5.3%)	4 (4.9%)	6 (5.7%)
Executive	22 (11.7%)	14 (17.1%)	8 (7.5%)
Unemployed respondents (latest)			
Non-managerial/Specialist	3 (21.4%)	-	3 (25.0%)
Supervisor/Team Leader	3 (21.4%)	2 (100.0%)	1 (8.3%)
Middle Management	5 (35.7%)	-	5 (41.7%)
Senior Management	3 (21.4%)	-	3 (25.0%)
Executive	-	-	-

Employed respondents were asked to specify the industry in which they are currently employed, or if unemployed, in which they previously worked. A summary of the industries represented in the sample can be found in Table 8.

There were no clear similarities between the South African sample and the Dutch sample. In South Africa the highest proportion of respondents worked in the Consulting (15.5%) and Engineering (11.9%) industries, while in the Netherlands the sector with the most respondents was Non-profit organisations (11%).

Table 8

Industry (n = 202)

	Overall n (%)	South Africa n=84 n (%)	The Netherlands n=118 n (%)
Agriculture	1 (.5%)	1 (1.2%)	-
Accounting	7 (3.5%)	5 (6.0%)	2 (1.7%)
Automobile	2 (1%)	-	2 (1.7%)
Banking and Financial Services	7 (3.5%)	3 (3.6%)	4 (3.4%)
Building and Construction	5 (2.5%)	2 (2.4%)	3 (2.5%)
Communications & Media	9 (4.5%)	4 (4.8%)	5 (4.2%)
Consulting	22 (10.9%)	13 (15.5%)	9 (7.6%)
Engineering	12 (5.9%)	10 (11.9%)	2 (1.7%)
Entertainment	2 (1.0%)	1 (1.2%)	1 (0.8%)
FMCG	1 (.5%)	-	1 (0.8%)
Government	10 (5.0%)	3 (3.6%)	7 (5.9%)
Hospitality	3 (1.5%)	2 (2.4%)	1 (0.8%)
Health Care	12 (5.9%)	3 (3.6%)	9 (7.6%)
Information Technology	10 (5.0%)	3 (3.6%)	7 (5.9%)
Insurance	3 (1.5%)	1 (1.2%)	2 (1.7%)
Legal Services	4 (2.0%)	3 (3.6%)	1 (.8%)
Manufacturing	4 (2.0%)	-	4 (3.4%)
Mining	1 (.5%)	1 (1.2%)	-
Non-Profit Organisation	16 (7.9%)	3 (3.6%)	13 (11.0%)
Petrochemical	3 (1.5%)	-	3 (2.5%)
Pharmaceutical	2 (1.0%)	1 (1.2%)	1 (0.8%)
Property/Real Estate	2 (1.0%)	1 (1.2%)	1 (0.8%)
Retail	3 (1.5%)	-	3 (2.5%)
Research	6 (3.0%)	3 (3.6%)	3 (2.5%)
State Owned Enterprise	1 (.5%)	1 (1.2%)	-
Tertiary Education	10 (5.0%)	6 (7.1%)	4 (3.4%)
Transport and Logistics	3 (1.5%)	-	3 (2.5%)
Other	40 (19.8%)	14 (16.7%)	26 (17.1%)

Measures

In this section the measurement instruments employed to measure the various constructs under investigation is discussed. First, the choice-based conjoint analysis procedure will briefly be described, as it is a not method commonly used in the research fields of Organisational Psychology and Human Resources. The questionnaire using Likert-type response scales is discussed thereafter.

Assessing reward preferences by means of choice-based conjoint analysis

One of the methods used to assess remuneration preferences was choice-based conjoint analysis. This technique offers the respondent randomly generated of reward packages and asks him/her to choose between them, thereby realistically replicating the decision between choices of offerings provided to employees. By offering randomly generated combinations of offerings that are different every time, the relative preference for each reward element can be estimated.

The key concepts underpinning choice-based conjoint analysis are *attribute*, *level*, *stimulus*, *ultility*, and *part-worth* (Hair, Black Babin, Anderson, & Tatham, 2006):

> ***Attribute:*** A feature of a concept, product or service. Each attribute consists of different levels. An example of an attribute would be the cash salary offered by an employer.
>
> ***Level:*** A specific value describing an attribute. For example, cash salary may be described as $ 2500 (low), $ 3500 (medium) and $ 4500 (high).
>
> ***Stimulus:*** A specific set of levels that are evaluated by respondents. The stimuli presented together are called a *choice set,* from which the respondent is asked to choose one combination they find most attractive.
>
> ***Utility:*** An individual's subjective preference judgement representing the holistic value or worth of a specific object. This is formed from a combination of part-worth estimates for any specified set of levels by using an additive model.
>
> ***Part-worth:*** An estimate generated in the conjoint analysis that refers to the utility an individual attaches to each level of each attribute.

By offering different stimuli, and respondents repeatedly choosing their preferred combination when offered multiple combinations, choice based conjoint analysis is able to determine a respondent's preference structure when trade-offs have to be made. This analysis

reveals the preference of the respondent for each level of the attribute, as well as the importance of each attribute that affects the respondent's choices (Hair et al., 2006). An example of a choice set used in a typical choice-based conjoint analysis is provided in Table 9. This example illustrates that an employee must choose between three different reward packages, which are differentiated by different levels of three reward elements (employer, amount of cash salary and benefits). By creating multiple conjoint tasks, each task consisting of reward packages with different combinations of reward levels of the reward elements, the relative preference of both reward elements and associated levels can be determined. This is done a number of times, every time asking the respondent to choose between different combinations of reward levels of the reward elements.

Table 9

Example Conjoint Analysis

	Reward package A	Reward package B	Reward package C
Employer	Nike	Apple	Shell
Cash	$ 3500	$ 2500	$4500
Benefits	Sport facilities	Onsite child-care	None

Reward preferences were investigated using computer generated random conjoint tasks, as explained above. Due to the fact that choice based conjoint tasks are cognitively demanding, it has been suggested that the number of attributes should be six or less (Hair et al., 2006). It was therefore decided to make use of six attributes in the present study and they were determined based upon the reward dimensions reflected in the hypotheses (as derived from the literature review). The following reward elements, defined below, were used as the attributes in the conjoint study.

> ***Base pay:*** the main component of rewards consisting of cash an employee receives periodically from the employer (Milkovich & Newman, 1996).
>
> ***Performance-related bonus*****:** a cash bonus that relates to the results achieved by the individual or the group (Armstrong, & Brown, 1999).
>
> ***Job security:*** degree in which the person believes the job has continuity (Klein Hesselink & Van Vuuren, 1999, p. 275).

***Hierarchical pay*:** the degree in which there are pay differences within an organisation between the higher job positions and the lower job positions (Milkovich & Newman, 1996).

Work-life balance: various rewards allowing employees to be flexible in combining their work and non-work time (Wise, Bond, & Meikle, 2003).

Pension and retirement benefits: deferred payments an individual receives when an individual has reach a certain pensionable age or stops working (Denton & Spencer, 2009; Hume, 1995).

The attributes were each assigned three levels ranging from low to high. An exemption was made for the *bonus* attribute, of which level 2 and 3 were categorical in nature and represented individual oriented and team oriented performance-based bonuses. The attributes and levels that were specified for the purposes of the current study are summarised in Table 10.

Table 10

Attributes and Levels for the Conjoint Analysis (N = 284)

Attribute	Level*	Level description
Base salary	1	Low
	2	Average
	3	High
Bonus	1	None
	2	Yes, based on team performance
	3	Yes, based on individual performance
Retirement/pension benefits	1	None
	2	Some
	3	Extensive
Promotion to a higher job position	1	Small base salary increase
	2	Average base salary increase
	3	Significant base salary increase
Work-life balance	1	No flexibility (e.g. fixed work hours)
	2	Some flexibility (e.g. flexible work hours)
	3	Extensive flexibility (e.g. work from home)
Job security	1	None
	2	Average
	3	High

Note. 1 = lowest level, 2 = intermediate level, 3 = highest level.

The conjoint analysis data was collected by means of a conjoint analysis software program called PreferenceLab (Eggers, 2015). The software generates unique choice sets consisting of randomly generated combinations of the levels of the attributes. It is suggested that adding to much conjoint tasks will affect the quality of responses in later questions. Considering that the too many conjoint tasks can affect the quality of responses during the Likert-based response questions (Tang, Jane, & Grenville, 2012), eight conjoint tasks were included. Each consisted of three unique choice sets, of which respondents had to choose their most desired option. Furthermore, a no-choice option was included to replicate realistic decision making (Haaijer, Kamakura, & Wedel. 2001). This meant that a respondent, like an employee in such a situation, has the option to choose none of the reward packages being offered. However, when respondents choose the no choice set, information is lost about the relative preference of the other choice sets. Therefore, the present study incorporated a dual response procedure (Brazell et al., 2006), wherein the respondent first has to choose between the choice sets, followed by a separate question to examine whether the respondent would have chosen the selected option if he/she had the option not to choose.

After designing the conjoint study and getting the respondents to complete the online choice tasks, the estimates need to be calculated. In the present study the assumption of an additive model was made i.e. that respondent's preferences between the stimuli is based on adding the part-worth value of the different levels of each attribute. Thus, by adding up the part-worth's of the levels the utility of a stimulus is determined (Hair et al., 2006).

Choice-based conjoint tasks are more realistic than other conjoint tasks. However, less information is collected about the degree of desirability as well as the ranks of the sets. To maximize the usability of the data, Hierarchical Bayes estimation (HB) was used to increase the validity of the results. This is a statistical interference technique that uses information of the scores in order to stabilize the part-worth's estimations and can be applied at the individual level of analysis (Orme, 2000). A copy of a conjoint task, as was presented to the respondents, can be found in Appendix B.

Assessing reward preferences by means of Likert-type response scales

Reward preferences were also measured by means of a nine-item subscale that made use of a Likert-type response scale. This subscale included the six reward elements chosen as attributes in the choice-based conjoint analysis. Performance based rewards consisted of three items, measuring the preference for bonuses in general, individual-oriented bonuses and group-oriented bonuses. Hierarchical pay was measured by means of two items. All the items were responded to on a 5-point Likert-type response-scale assessing perceived importance (ranging from 1 = *not at all important* to 5 = *very important*). An example of an item that assessed job security is "The degree to which the employer offers job security". A copy of the first page of this questionnaire can be found in Appendix C.

Assessing cultural orientation by means of Likert-type response scale

Hofstede's cultural values were measured with a 26-item scale developed by Yoo, Donthu and Lenartowicz (2011) called the Cultural Value (CV) scale. The CV scale measures the following five dimensions of culture based on Hofstede's (1980) model on an individual level of analysis: power distance, uncertainty avoidance, collectivism, long-term orientation, and masculinity. The CV scale demonstrated satisfactory validity and reliability in multiple studies conducted in developed and developing economies (Prasongsukarn, 2009; Yoo, Donthu, & Lenartowicz, 2011). Long-term orientation value was measured on a 5-point Likert scale assessing perceived importance of the construct (ranging from 1 = *not at all important* to 5 = *very important*). The additional values (i.e. initial four items of Hofstede, 1980) were measured on a 5-point Likert scale assessing agreement or disagreement with prompt statements (anchors ranging from 1 = *strongly disagree* to 5 = *strongly agree*).

An example of an item measuring the value long-term orientation is "Working hard for success in the future". An example of an item measuring the value power distance is "People in higher positions should not delegate important tasks to people in lower positions". A copy of the first page of the CV scale can be found in Appendix D.

Demographic information

A section was included to collect demographic data from respondents. In the context of the international focus of this study, questions regarding nationality and nation of living were included. Previous research has shown that gender and race as well as age, type of employment,

and education level are related to reward preferences (Nicholls, 2012; Nienaber, Bussin, & Henn, 2011). These questions were included in the demographic information section. In terms of race or ethnicity questions, an alternative option was included for respondents who preferred not to answer the racial or ethnicity related question.

Data Collection Procedure

The research study and the questionnaires employed were approved by the University of Cape Town's Commerce Faculty Ethics in Research Committee. To ensure that the study met ethical standards in the Netherlands, the details of the study and questionnaires were sent to Erasmus University in Rotterdam, where the study was approved by an Assistant Professor of the Faculty of Social Sciences.

Data collection was conducted in South Africa and The Netherlands by sending potential participants an e-mail inviting them to participate in the study. The email contained a URL directing them to the electronic questionnaire. The questionnaire consisted of five parts. The first part explained the structure of the questionnaire. It also informed respondents of the confidentiality of the data and assured them that they will remain anonymous (for a copy, see Appendix A).

In the second part (Questionnaire 1), randomly created choice-based conjoint tasks (i.e. generated by the conjoint software) were presented to respondents. This section consisted of eight conjoint tasks. As conjoint tasks are considered to be cognitively demanding activities, the respondents were given a break after the first four conjoint tasks by starting a part of the second questionnaire (Questionnaire 2) that assessed cultural orientations. After completing these items, respondents continued with the last four conjoint tasks. Thereafter, the remaining items of Questionnaire 2 were provided. The third part (Questionnaire 3) consisted of items and a Likert-type response scale measuring reward preferences. The fourth part (Questionnaire 4) consisted of demographic questions. Table 11 provides an overview of the questionnaire and the various subscales and sections. The survey was administrated over a 9-week period and took approximately 15 minutes to complete.

Table 11

Overview of Questionnaire

	Questionnaire	Constructs measuring	Consist of
1	Reward preferences (CBC)	Base salary, bonus, retirement/pension, hierarchical pay, work-life balance, job security	8 choice tasks
2	CV Scale	Power distance, uncertainty avoidance, collectivism, long-term orientation, masculinity	22-item scale
3	Reward preferences (Likert)	Base salary, bonus, retirement/pension, hierarchical pay, work-life balance, job security	9-item scale
4	Demographic information	Nationality, nation of living, age, type of employment, education level, racial qualification (SA), ethnical background (NL)	Open/closed questions

Note. CBC=Choice-based Conjoint analysis, SA=South Africa, NL=The Netherlands.

Statistical Analysis

Once collected, the data was cleaned and analysed. Questionnaire 1 was analysed by means of the conjoint analysis software PreferenceLab (Eggers, 2015). The utilities of the estimation process functioned as the main components of the analysis. With the utility scores, the relative attractiveness of each reward element was determined. The utilities were calculated using the Hierarchical Bayes estimation (HB) statistical interference technique, as described earlier. In order to examine whether the trends visible in the conjoint analysis conform to the hypotheses, different cohorts or sub-samples were created based upon relative scores on the cultural orientations. Differences between the relative attractiveness of each of the attributes were assessed for these cohorts that were based on chosen levels of cultural orientation.

The data collected in Questionnaire 2 measuring cultural orientation was subjected to Exploratory Factor Analysis (EFA). In addition, reliability was assessed using the SPSS item analysis procedure. The factors obtained in the EFA were further analysed by calculating descriptive statistics such as the mean and standard deviation as well as skewness and kurtosis. Furthermore, an independent samples t-test was used to examine whether the cultural orientation scores and reward preferences differed between the South African and the Dutch samples.

The data collected with Questionnaire 3 was also subjected to EFA, and the reliability of the subscale was determined by means of Cronbach's alpha. The factors that were derived by means of the EFA were further analysed by calculating descriptive statistics for each.

The demographic data collected from respondents with Questionnaire 4 was analysed using descriptive statistics to calculate means, frequencies and percentages.

To examine the hypotheses that suggested that there are relationships between cultural orientations and reward preferences, inferential statistics were used. The relationships in the data were investigated by means of Pearson Product moment correlations, as well as linear and multiple regression analysis.

CHAPTER 4
RESULTS

This chapter presents the results of the statistical analyses that were conducted on the data collected with the questionnaires. After conducting Exploratory Factor Analysis and a reliability analysis for each scale, descriptive statistics were further used to describe the features of the data. Inferential statistic techniques such as Pearson correlation, linear – and hierarchical regression analysis were used to examine the hypothesised relationships of cultural orientations and reward preferences in the dataset. Conjoint analysis allowed to further to identify trends between the cultural orientations and the preference for rewards.

Assessing Unidimensionaility

Exploratory Factor Analysis (EFA) was employed to determine the underlying measurement model of the set of variables found in the subscales that was used to collect data using Likert-type response scales. EFA allows one to identify new linear combinations out of a set of variables and provides an indication of construct validity (Ringnér, 2008).

Before conducting the EFA analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Barlett's Test of Sphericity were applied to the data. KMO is used to determine whether the patterns of correlations are concentrated enough to ensure that the factors are distinguishable from each other (Field, 2009). A KMO score should be at least 0.5 and preferably higher than 0.7 to indicate the factorability of the data. The Barlett's Test of Sphericity measures whether there are significant correlations between variables (Field, 2009). To examine whether these variables are appropriate to detect factors, this test should be significant to indicate the appropriateness of the data for EFA.

The factor loadings indicate the linear combination (Pearson correlation) between the variables. Stevens (1992) recommends that with a sample size that is close to 300, items with more than a .30 factor loading should be included. Furthermore, items that load on more than one factor should have a difference in factor loadings of at least 0.25. Items that loaded on multiple items with a difference between the factor loadings smaller than .25 were therefore considered to have cross-loaded and were removed. Furthermore, the factor analysis followed

Kaiser's recommendation that factors with an eigenvalue of more than 1 be selected, as this is an indication of a meaningfully interpretable factor.

Cultural orientations questionnaire

EFA was used to determine the construct validity of the CV scale, which measured cultural orientations and consisted of 26 items. The Principle Axis Factoring extraction method was used. Since previous validation studies had indicated that the cultural orientations were correlated (Yoo et al., 2011), the factor analysis incorporated an oblique rotation method. Direct Oblimin rotation was employed, as it was expected that the underlying factors are correlated (Field, 2009).

The first round of the EFA was conducted on the 26 items. KMO = .767 and Barlett's test of sphericity (χ^2 (300) = 1987.67, $p < 0.001$) suggesting that this data was appropriate for factor analysis.

In the first round the following item did not meet the inclusion criteria: "Careful management of money (Thrift)". This item was removed and a second round of EFA conducted. In the second round of EFA, the remaining 25 items produced a 'clean' factor structure i.e. all items met the inclusion criteria. The final items and factor loading results are summarized in Table 12. Considering the items that loaded on each factor, labels were assigned to each of the factors, as indicated in Table 12.

Table 12

Summary of Exploratory Factor Analysis for the Cultural Orientations Questionnaire (N = 284)

Item	UA	MAS	COL	LTO	PD
It is important to closely follow instructions and procedures	.787				
Rules and regulations are important because they inform me of what is expected of me	.710				
It is important to have instructions spelled out in detail so that I always no what I'm expected to do	.642				
Standardized work procedures are helpful	.597				
Instructions for operations are important	.512				
Solving difficult problems usually requires an active, forcible approach, which is typical of men		.830			
Men usually solve problems with logical analysis; women usually solve problems with intuition		.704			
There are some jobs that a man can always do better than a woman		.622			
It is more important for men to have a professional career than it is for women		.572			
Group welfare is more important than individual rewards			-.769		
Group success is more important than individual success			-.682		
Individuals should only pursue their goals after considering the welfare of the group			-.612		
Individuals should sacrifice self-interest for the group			-.572		
Group loyalty should be encouraged even if individual goals suffer			-.519		
Individuals should stick with the group even through difficulties			-.485		
Working hard for success in the future				.717	
Giving up today's fun for success in the future				.607	
Long-term planning				.514	
Personal steadiness and stability				.465	
Going on resolutely in spite of opposition (persistence)				.419	
People in lower positions should not disagree with decisions by people in higher positions					.600
People in higher positions should avoid social interaction with people in lower positions					.559
People in higher positions should not ask the opinions of people in lower positions too frequently					.455
People in higher positions should make most decisions without consulting people in lower positions					.433
People in higher positions should not delegate important tasks to people in lower positions					.316
Eigenvalues	3.865	3.461	2.433	1.723	1.449

Note. UA = Uncertainty Avoidance, MAS = Masculinity, COL = Collectivism, LTO = Long-Term Orientation, PD=Power Distance.

Likert-based reward questionnaire

EFA was used to determine the construct validity of the reward preference questionnaire. As it was deemed likely that the underlying factors were related, Direct Oblimin rotation method, i.e. an oblique rotation, was again chosen.

The first round of EFA was conducted on the nine items. KMO = .716 and Barlett's test of sphericity was found to be significant (χ^2 (15) = 373.71, $p < 0.001$). Based on these results it was suggested that factor analysis was appropriate for this data. In the first round, the following items did not meet the inclusion criteria: "The degree to which employers reward senior position i.e. a large gap in salary between higher and lower paid employees" (second item hierarchical pay) and "Your employer's provision of flexibility and work and private life" (work-life balance). These items were therefore removed. In round two, the following item did not meet the inclusion criteria: "The amount of base salary your employer provides" (base salary). In round three, six items remained, of which three were directly related to bonuses, and the other three related to future oriented rewards (i.e. job security and retirement/pension benefits) and hierarchical pay. The items and the factor loadings of the final clean factor structure can be found in Table 13. The labels assigned to each of the factors, as based on the items that loaded on each of them, is also indicated in Table 13.

Within the Reward Questionnaire, two items referring to hierarchical pay did not fall on one factor in the EFA as expected. These are "The degree to which base salary increases as a result of a promotion to a higher job position" (first item hierarchical pay) and "The degree to which employers reward senior position i.e. a large gap in salary between higher and lower paid employees" (second item hierarchical pay). While the first item reflected an individual preference for a pay increase for a promotion, the second item reflected the preference for pay differences between hierarchical job positions within the company. As noted before, hierarchical pay is described as the degree in which there are pay differences within an organisation between the higher job positions and the lower job positions (Milkovich & Newman, 1996). The first item deals with the concept of hierarchical pay, but is differentiated by asking the individual preference for hierarchical pay, while the second item asks the preference for pay differences based upon job position from a holistic point of view (for exact items, see above). Furthermore, the first item is in line with the attribute hierarchical pay in the conjoint analysis. Given that the results from the conjoint analysis and those obtained from the

Likert-based response scales were to be compared in the present study, the first item was considered to assess *hierarchical pay* and the second item *pay differences*.

Table 13

Summary of Exploratory Factor Analysis of the Reward Questionnaire (N = 284)

Item	Bonus-oriented rewards	Future- and hierarchical oriented rewards
The degree to which employers determine bonuses based upon individual performance	.915	
Your employer's provision of incentive bonuses	.719	
The degree to which employers determine bonuses based upon group performance	.439	
The degree to which the employer offers job security		.751
Your employer's provision of retirement/pension benefits		.647
The degree to which base salary increases as a result of a promotion to a higher job position		.327
Eigenvalues	2.551	1.163

Reliability Analysis

Cronbach's alpha was calculated to estimate the internal reliability of the EFA derived factors. Cronbach's alpha determines the reliability by measuring the correlations between the items of a scale (Field, 2009). According to Kline (2005), a Cronbach's α of 0.7 is considered to indicate acceptable reliability.

Cultural orientations questionnaire

The reliability scores of the factors are summarised in Table 15. Satisfactory Cronbach alpha's (i.e. with a minimum Cronbach's $\alpha = .71$) were found for all the subscales except for the Power Distance subscale, which was just below the level of reliability that is indicative of satisfactory reliability (Cronbach's $\alpha = .622$ i.e. $<.71$). The lower reliability is not noted in previous studies (Yoo, Donthu, & Lenartowicz, 2011). When interpreting the results the reliability score of the Power distance subscale should be taken into consideration.

Table 14

Cronbach's Alpha Coefficient for the Cultural Orientations Questionnaire (N = 284)

Dimensions of Cultural Orientations	Original number of items	Original Cronbach's Alpha coefficients	Derived Items	EFA derived Cronbach's Alpha coefficients
Uncertainty Avoidance	5	0.787		
Masculinity	4	0.722		
Collectivism	6	0.780		
Long-Term Orientation	6	0.733	5	0.700
Power Distance	5	0.622		

Likert-based reward questionnaire

The reliability scores for the factors extracted by means of the EFA can be found in Table 15. The results indicated that both factors had satisfactory reliability (Bonus-oriented rewards: Cronbach's α = .72; Future-oriented rewards: Cronbach's α = .64). It is likely that the lower Cronbach's alpha of future oriented rewards was related to the relatively short two-item scale. Cronbach's alpha is sensitive to the number of items (Cortina, 1993).

Table 15

Cronbach's Alpha Coefficient for the Cultural Orientations Questionnaire (N = 284)

Dimensions of Cultural Orientations	EFA Derived items	Cronbach's Alpha coefficients
Bonus-oriented rewards	3	0.715
Future-oriented rewards and hierarchical pay	3	0.641

Based on the evidence presented above, it was believed that the EFA derived measures of Cultural orientations and Reward preferences were both valid and reliable.

Descriptive Statistics

The descriptive statistics of the data collected by means of the Cultural orientations and Reward preference subscales, using Likert-type response scales, is described in this section.

Cultural orientations questionnaire

The descriptive statistics are summarised in Table 16. It is indicated that overall the sample had relatively high scores on uncertainty avoidance orientation and long-term orientation, while generally lower average scores were found on power distance orientation and masculinity orientation. Tabachnik and Fidell (2001) note that skewness and kurtosis values between 1 and -1 indicate an acceptable normality distribution. For skewness, all cultural orientations had values between 1 and -1. For kurtosis, only uncertainty avoidance and power distance had values beyond the range of 1 and -1. It should be noted that uncertainty avoidance and power distance marginally exceeded the criteria specified by Tabachnik and Fiddel (2001).

Table 16

Descriptive Statistics for the Cultural Orientations

Cultural orientation	N	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis
UA	284	1.00	5.00	3.71	.64	-.57	1.52
MAS	284	1.00	4.50	2.13	.87	.46	-0.51
COL	284	1.33	5.00	3.29	.64	-.18	0.15
LTO	284	1.80	5.00	3.91	.55	-.17	0.32
PD	284	1.00	4.60	1.97	.57	.65	1.52

Note. UA = Uncertainty Avoidance, MAS = Masculinity, COL = Collectivism, LTO = Long-Term Orientation, PD = Power Distance.

Likert-based reward questionnaire

The descriptive statistics are summarised in Table 17. The statistics indicate that the mean of the scores of preference for the reward elements were relatively close to each other, ranging from 2.19 to 3.11. Of these reward elements, work-life balance flexibility and base pay were on average most preferred, while seniority pay was the least preferred reward element (based on a numerical comparison of the means). All reward preferences had a negative skew distribution, indicating a long tail to the left. This indicates that the majority of the sample had relatively higher levels of preference for the elements. All reward preferences meet the skewness and kurtosis criteria of being between 1 and -1, with exception of the kurtosis values of promotional pay and base pay (Tabachnik & Fiddel, 2001). The kurtosis of promotional pay deviates slightly from the criteria values. However, the kurtosis value of base pay indicates that the distribution is peaked. This needs to be considered when conducting inferential statistics.

Table 17

Descriptive Statistics for the Reward Preferences

Reward preferences	N	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis
Base pay	284	0	4	3.05	.66	-.81	2.41
Bonus	284	0	4	2.51	.93	-.47	-.19
Individual bonus	284	0	4	2.62	.94	-.52	-.02
Group bonus	284	0	4	2.45	.91	-.40	-.15
Retirement/pension	284	0	4	2.81	.92	-.78	.49
Hierarchical pay	284	0	4	2.89	.78	-.73	1.03
Pay differences	284	0	4	2.19	.92	-.09	-.25
Work-life balance	284	0	4	3.11	.83	-.81	.49
Job security	284	0	4	2.92	.88	-.73	.34
Bonus-oriented rewards (EFA)	284	0	4	2.53	.74	-.42	.24
Future- and hierarchical oriented rewards (EFA)	284	0.67	4	2.88	.65	-.56	.63

Inferential Statistics

The data was further analysed by means of several inferential statistics to examine differences and relationships within the data. First, differences in both cultural orientations and reward preferences between the sub-samples from South Africa and the Netherlands were assessed by means of an independent samples t-test.

Relationships between cultural orientations and reward preferences were explored by calculating Pearson correlation coefficients. The hypothesized relationships were further examined by means of simple linear and multiple regression analysis. In all instances the EFA derived scales were used to compute composite scores for the dimensions.

Differences in cultural orientations between Dutch and South African respondents

Based on the cultural value orientation, we examined whether the South African and Dutch sample were indeed found to be culturally different, as was expected. The means obtained on the cultural orientations for the samples from South Africa and the Netherlands were compared by conducting an independent samples t-test. This is a technique which allows one to examine whether the differences between the means of two sample groups are significant (Field, 2009).

The results of the independent sample t-tests are summarised in Table 18. The results indicate that the means of three cultural orientations differed significantly between South African and Dutch respondents. South Africans scored significantly higher on uncertainty avoidance orientation and long-term orientation, while Dutch respondents had a significantly higher masculinity orientation score.

Table 18

Independent T-Test Results comparing Factor Results by Nationality

Factor	Nationality	N	Mean	Std. Deviation	t-value	df	p-value
UA	SA	105	3.99 (H)	.51	7.96**	242.21	.000
	NL	142	3.42 (L)	.62			
MAS	SA	105	1.80 (L)	.83	-4.89**	245	.000
	NL	142	2.30 (H)	.77			
COL	SA	105	3.24	.65	-.92	245	.361
	NL	142	3.32	.64			
LTO	SA	105	4.13 (H)	.58	6.48**	185.60	.000
	NL	142	3.71 (L)	.44			
PD	SA	105	1.95	.59	-.41	245	.679
	NL	142	1.98	.52			

Note. UA = Uncertainty Avoidance, MAS = Masculinity, COL = Collectivism, LTO = Long-Term Orientation, PD = Power Distance. SA = South African, NL = Dutch. (H) = Higher, (L) = Lower.
** $p < 0.01$.

Differences in reward preferences between South African and Dutch respondents

By using independent samples t-tests, it was examined whether there were significant differences in the scores on the reward preferences obtained from the South African and Dutch respondents. The results of these analyses are summarised in Table 19. It was found that all the reward elements were significantly more preferred by South African compared to Dutch respondents, with exception of the item Pay differences.

Table 19

Independent T-test results comparing the Preference for Reward Components results by Nationality

Reward preferences	Nationality	N	Mean	Std. Deviation	t-value	df	p-value
Base pay	SA	105	3.15(H)	.63	3.33**	245	.001
	NL	142	2.89(L)	.61			
Bonus	SA	105	2.90 (H)	.88	7.12**	245	.000
	NL	142	2.11(L)	.85			
Individual bonus	SA	105	3.03 (H)	.80	7.64**	236.65	.000
	NL	142	2.20 (L)	.90			
Group bonus	SA	105	2.54 (H)	.92	2.06*	245	.040
	NL	142	2.30 (L)	.89			
Retirement/ Pension benefits	SA	105	2.98 (H)	.99	2.99**	245	.003
	NL	142	2.63 (L)	.83			
Hierarchical Pay	SA	105	3.01 (H)	.87	2.70**	245	.007
	NL	142	2.74 (L)	.70			
Pay differences	SA	105	2.21	1.05	1.02	184.14	.307
	NL	142	2.08	.79			
Work-life balance	SA	105	3.24 (H)	.86	2.11*	209.73	.036
	NL	142	3.01 (L)	.77			
Job security	SA	105	3.07 (H)	.95	2.80**	245	.006
	NL	142	2.75 (L)	.80			
Bonus-oriented rewards	SA	105	2.83 (H)	.67	7.16**	245	.000
	NL	142	2.20 (L)	.68			
Future/hierarchical oriented rewards	SA	105	3.02 (H)	.74	3.63**	182.15	.000
	NL	142	2.70 (L)	.54			

Note. SA = South African, NL = Dutch. (H) = Higher, (L) = Lower.
* p <0.05, ** p <0.01.

Correlations between cultural orientations in the overall sample

Pearson correlations coefficients were used to examine the degree to which the two variables were linearly related (Field, 2009). The Coefficient of Determination (r-squared times 100) represents the percentage of shared variance between two variables. Table 20 provides a summary of the Pearson correlations and proportion of explained variance between the cultural orientations. These analyses were based on the composite scores calculated from the EFA derived subscales. The results indicate that uncertainty avoidance and long-term orientation

shared a relatively high proportion of variance. Likewise, power distance and masculinity shared a relatively high proportion of variance.

Table 20

Correlation Coefficients and Proportion of Shared Variance between Cultural Orientations (N = 284)

	1	**2**	**3**	**4**	**5**
(1) Uncertainty Avoidance	1				
(2) Masculinity	-.46	1			
(3) Collectivism	.134* (2.2%)	.121* (1.4%)	1		
(4) Long-term orientation	.373** (13.9%)	-.059	.057	1	
(5) Power Distance	-.051	.312** (9.8%)	.184** (3.4%)	-.075	1

Note. Brackets indicate proportion of shared variance.
* $p < .05$, ** $p < .01$.

Correlations between reward preferences in the overall sample

Table 21 provides a summary of the Pearson correlations obtained when the reward preferences were correlated with one another. Again, the Coefficient of Determination is presented where the correlations are found to be significant. The results indicate that a majority of the preferences for reward elements were significantly positively related to each other. The preference for work-life balance was not significantly related to any of the reward preferences

Table 21

Correlation Coefficients and Proportion of Shared Variance between Reward Preferences (N= 284)

	1	2	3	4	5	6	7	8	9	10	11
(1) Base Pay	1										
(2) Bonus	.339** (11.4%)	1									
(3) Individual Bonus	.334** (11.2%)	.645** (41.6%)	1								
(4) Group Bonus	.205** (4.2%)	.307** (9.4%)	.408** (16.6%)	1							
(5) Retirement/ pension benefits	.180** (3.2%)	.245** (6.0%)	.260** (6.8%)	.181** (3.3%)	1						
(6) Hierarchical pay	.476** (22.7%)	.336** (11.3%)	.374** (14.0)	.157** (2.5%)	.304** (9.2%)	1					
(7) Pay differences	.218** (4.8%)	.255** (6.5%)	.234** (5.5%)	.215** (4.6%)	.217** (4.7%)	.230** (5.3%)	1				
(8) Work-life balance	.082	.040	.039	.077	.040	.056	.020	1			
(9) Job security	.309** (9.5%)	.192** (3.7%)	.245** (6.0%)	.103	.473** (22.4%)	.314** (9.9%)	.211** (4.5%)	.100	1		
(10) Bonus-oriented rewards	.368** (13.5%)	.819** (67.1%)	.861** (74.1%)	.712** (50.7)	.287** (8.2%)	.364** (13.2%)	.295** (8.7%)	.065	.227** (5.2%)	1	
(11)Future/hierarchical oriented rewards	.411** (16.9%)	.334** (11.8%)	.380** (14.4%)	.194** (3.7%)	.801** (64.2%)	.680** (46.2%)	.287** (8.2%)	.086	.794** (63.0%)	.380** (14.4%)	1

Note. Brackets indicate proportion of shared variance.

* $p < .05$, ** $p < .01$

Correlations between cultural orientations and reward preferences in the overall sample

Table 22 provides a summary of the Pearson correlation coefficients obtained when correlating the reward elements and the cultural orientations. Uncertainty avoidance and long-term orientation were found to be significantly correlated with most of the reward elements.

Table 22

Correlation Coefficients between Cultural Orientations and Reward Elements (N = 284)

	UA	MA	CO	LTO	PD
Base Pay	.24**	-.14*	.02	.23**	-.14*
Bonus	.35**	-.05	.06	.35**	.00
Individual bonus	.38**	-.12*	-.01	.37**	-.03
Group bonus	.15*	-.04	.17**	.16**	-.09
Retirement/pension	.33**	-.10	.07	.28**	-.07
Hierarchical Pay	.23**	-.08	.05	.23**	-.06
Pay differences	.29**	.02	.16**	.12*	.05
Work-life balance	-.02	-.17*	-.06	.04	-.17**
Job security	.35**	-.13*	.02	.27**	-.13*
Bonus oriented rewards	.37**	-.09	.09	.37**	-.05
Future/hierarchical oriented rewards	.40**	-.14*	.06	.34**	-.11

Note.., UA = Uncertainty Avoidance, MA = Masculinity, CO = Collectivism, LTO = Long-Term Orientation, PD = Power Distance.

* $p < .05$, ** $p < .01$.

Correlations between cultural orientations and reward preferences per country

Table 23 provides an overview of the Pearson correlation coefficients obtained when correlating the cultural orientations and reward preferences as found in the South African and Dutch sample. In order to identify which combinations of cultural orientations and reward preferences were part of the hypotheses, the correlation coefficients were bolded.

Certain significant correlations were found in both countries. In both the Dutch and South African samples, uncertainty avoidance was significantly positively correlated with performance-based bonuses and job-security. In both samples, collectivism was significantly positively correlated with group-oriented bonuses, and long-term orientation was significantly positively correlated with future-oriented rewards.

Table 23

Correlation Coefficients between Cultural Orientations and Reward Elements: South African (n = 105) and Dutch respondents (n = 142)

	UA		MAS		COL		LTO		PD	
	SA	**NL**	**SA**	**NL**	**SA**	**NL**	**SA**	**NL**	**SA**	**NL**
Base Pay	**.240***	**.062**	**-.186**	**-.044**	-.055	.157	**.179**	**.082**	-.058	-.056
Bonus	**.182**	**.150**	**.076**	**.099**	.124	.062	.260**	.144	**.168**	**.031**
Individual bonus	.218*	.175*	-.079	-.008	**.070**	**-.023**	.328**	.139	-.025	.038
Group bonus	.098	.-002	-.058	.007	**.122***	**.201***	.038	.116	-.136	-.025
Retirement/pension benefit	.326**	.315**	-.066	-.024	-.015	.179*	.244**	.154**	-.218*	.160
Hierarchical pay	.141	.173*	-.098	.063	.050	.057	.204*	.094	**-.107**	**.112**
Pay differences	.161	.178*	.075	-.002	.122	.197*	.053	.036	.084	.074
Work-life balance	.221**	-.205*	**-.079**	**-.163**	-.152	-.040	-.048	-.080	-.250*	-.152
Job security	**.281****	**.223****	-.166	-.090	.049	-.017	.175	.196*	-.199*	-.028
Bonus-oriented rewards	.140	.256**	-.025	.041	.138	.104	.262**	.173*	.001	.019
Future/hierarchical oriented rewards	.364**	.329**	-.139	-.030	.034	.107	**.264****	**.215****	-.255**	.116

Note. Bold = hypothesized relationship. UA = Uncertainty Avoidance, MA = Masculinity, CO = Collectivism, LTO = Long-Term Orientation, PD = Power Distance. SA = South African, NL = Dutch.
* $p < .05$, ** $p < .01$

To examine whether the significant correlation coefficients were significantly different to one another, z-scores of the differences between the correlations were calculated (as suggested by Field, 2009) and are shown in Table 24. When Z-scores of differences lie between -1.96 and 1.96, it can be considered that there are no significant differences between the two correlation coefficients. The results showed that all of the Z-scores were between these criteria, which suggest that the correlation coefficients of the supported relationships that were hypothesised did not significantly differ from each other.

Table 24

Z-scores for comparing Correlations between Supported Hypothesis with South African (n = 105) and Dutch respondents (n = 142)

Relationship cultural orientation, reward preference	Z-score South African	Z score Dutch	Z-score difference
UA, Job security	.276	.227	.376
COL, Group bonus	.123	.204	-.621
LTO, Future/hierarchical oriented rewards	.270	.218	.399

Note. UA = Uncertainty Avoidance, COL = Collectivism, LTO = Long-Term Orientation.

Using simple linear regression to assess the relationship between cultural orientation and reward preferences in the combined sample.

Simple regression is commonly used to predict the relationship between a single independent variable and a dependent variable. A simple linear regression estimates the change in a dependent variable when the independent variable changes with one unit, which is presented by the regression coefficient β (Field, 2009). To conduct linear regression, several assumptions need to be examined. To examine the assumption of linearity and homoscedasticity, the plot of the standardized residuals and regression standardized predicted value was visually inspected (Field, 2009). Next to the skewness and kurtosis values given in the descriptive statistics, the assumption of normal distribution was examined by inspecting normal probability plots (Field, 2009).

Hypothesis 1a stated that the preference for an individual oriented bonus is negatively related to a collectivistic orientation. To test this hypothesis, simple linear regression was used with collectivistic orientation as independent variable and individual bonus as dependent variable. All assumptions for conducting simple linear regression analysis were met. Results from the regression analysis show that the relationship between collectivistic orientation and individual oriented bonus was non-significant ($R^2 = .001$, $F(1, 283) = .029$, $p = .87$). Therefore, support for Hypothesis 1a was not found.

According to Hypothesis 1b, the preference for group oriented bonuses is positively related to collectivism. To test this hypothesis, simple linear regression was used with collectivistic orientation as the independent variable and collectivistic oriented bonus as the

dependent variable. All assumptions for conducting linear regression analysis were met. Results from the regression analysis show that the relationship between collectivistic orientation and group oriented bonus was significant (β = .17, $t(283) = 2.974$, p = .01 i.e. $p <$ .05; R^2 = .030, $F(1, 283) = 8.847$, p = .01 i.e. $p < .05$). Therefore, based on these results support for hypothesis 1b was found.

According to Hypothesis 2a, the preference for base pay is positively related to masculine orientation. To examine this, simple linear regression was used with base pay as the independent variable and masculine orientation as the dependent variable. All assumptions for conducting linear regression analysis were met. Results from the analysis showed that the relationship between base pay and masculine orientation was significant, but in a negative direction (β = -.14, $t(283) = -2.389$, p = .02 i.e. $p < .05$; R^2 = .020, $F(1, 283) = 5.707$, p = 0.02 i.e. $p < .05$). Thus, Hypothesis 2a was not supported based on the direction of the relationship, although a significant relationship was found.

Hypothesis 2b stated that the preference for performance based bonuses is positively related to masculine orientation. To examine this, simple linear regression was used with bonus oriented rewards as the dependent variable and masculine orientation as the independent variable. Results from the analysis indicate that this relationship was non-significant (R^2 = .008, $F(1, 283) = 2.193$, p = 0.14). Therefore, support for Hypothesis 2b was not found and the null hypothesis could not be rejected.

According to Hypothesis 2c, the preference for work-life balance flexibility is negatively related to masculine orientation. To test this hypothesis, simple linear regression was used with work-life balance as dependent variable and masculine orientation as independent variable. All assumptions for conducting linear regression analysis were met. Results from the analysis indicate that this relationship was significant and in a negative direction (β = -.16, $t(283) = -2.840$ p = .01 i.e. $p < .05$; R^2 = .028, $F(1, 283) = 8.067$, p = 0.01 i.e. $p < .05$). Therefore, based on these results Hypothesis 2c was supported.

Hypothesis 3a stated that a preference for hierarchical pay is positively related to power distance orientation. To test this, linear regression was used with hierarchical pay as the dependent variable and power distance orientation as the dependent variable. All assumptions

for conducting linear regression analysis were met. Results indicated that the relationship was non-significant (R^2 = .003, F(1, 283) = .890, p = 0.35 i.e. p > .05). Therefore, support for Hypothesis 3a was not found.

According to Hypothesis 3b, a preference for performance based bonuses is negatively related to power distance orientation. To examine this hypothesis, linear regression was used with power distance orientation as the independent variable and bonus oriented rewards as the dependent variable. All assumptions for conducting linear regression analysis were met. Results indicated that this relationship was non-significant (R^2 = .001, F(1, 283) = .002, p = 0.97 i.e. p > .05) and therefore support for Hypothesis 3b was not found.

Hypothesis 4a stated that the preference for performance-based bonuses is negatively related to uncertainty avoidance orientation. Linear regression was used to test this with bonus oriented rewards as the dependent variable and power distance as the independent variable. All assumptions for conducting linear regression analysis were met. Results indicate that this relationship was significant, but in a positive direction (β = .35, t(283) = 6.224, p < .001; R^2 = .121, F(1, 283) = 38.739, p < .001). Therefore, Hypothesis 4a was not supported based on the direction of the relationship, although the relationship was significant.

Hypothesis 4b stated that the preference for job security is positively related to uncertainty avoidance orientation. This was examined by using linear regression with job security as the dependent variable and uncertainty avoidance orientation as the independent variable. All assumptions for conducting linear regression analysis were met. The results show that this relationship was significant in a positive direction (β = .35, t(283) = 6.203, p < .001; R^2 = .120, F(1, 283) = 38.474, p < .001). Therefore, Hypothesis 4b was supported.

According to Hypothesis 4c, the preference for base pay is positively related to uncertainty avoidance orientation. This was tested by linear regression with base pay as the dependent variable and uncertainty avoidance orientation as the dependent variable. The assumptions of linearity and homoscedasticity were met. Although the normality plot showed a slight deviation from the normality line, this difference was considered as marginal. Results indicate that the relationship was significant and in a positive direction (β = .24, t(283) = 4.203, p < .001; R^2 = .056, F(1, 283) = 17.663, p < .001). Therefore, Hypothesis 4c was supported.

Hypothesis 5a stated that a preference for retirement and pension benefits as well as job security will be positively related to long-term orientation. Tested by linear regression, it was indicated that the relationship between retirement or pension benefits and long-term orientation was significant and in a positive direction (β = .28, $t(283) = 4.850$, $p < .001$; $R^2 = .071$, $F(1, 283) = 23.526$, $p < .001$). Also, linear regression showed that the relationship between retirement and pension benefits and long-term orientation was positive ($\beta = .27$, $t(283) = 4.647$, $p < .001$; $R^2 = .071$, $F(1, 283) = 21.597$, $p < .001$). Therefore, support for Hypothesis 5a was found.

According to Hypothesis 5b, the preference for immediate rewards – base pay and bonuses – is negatively related to long-term orientation. This was tested by means of linear regression with base pay as the dependent variable and long-term orientation as the dependent variable. The assumptions for regression analysis were all met, with the exception of a marginal deviation in the normality probability plot. The results indicate that this relation is positive ($\beta = .23$, $t(283) = 3.961$, $p < .001$; $R^2 = .053$, $F(1, 283) = 15.689$, $p < .001$). In the same vein, linear regression tested the relationship between bonus oriented rewards as the independent variable and long-term orientation as the dependent variable. The assumptions for linear regression analysis were all met. The results indicate that this relation was significant and in a positive direction ($\beta = .50$, $t(283) = 6.665$, $p < .001$; $R^2 = .136$, $F(1, 283) = 44.425$, $p < .001$). Thus, Hypothesis 5b was not supported given that the relationships were found to be significant, but in the opposite direction from that which was proposed.

Using hierarchical regression to assess whether cultural orientations predict reward preferences

Hierarchical Regression is used to predict the variance in a dependent variable based on a regression model consisting of multiple independent variables. This allows one to estimate the change in a dependent variable when the independent variables change with one unit, while taking the influence of the other variables in the model into account (Field, 2009). Thus, it allows one to examine the influence of a dependent variable while controlling for other variables. However, including control variables is not generally advised, and in line with Carlson and Wu (2012) we acknowledge that this might reduce statistical power and can lead to false conclusions. Similarly, Bernerth and Aguinis (2015) suggest that researchers should carefully consider whether control variables should be included. It is recommended that control variables should only be included if the following conditions are met: if the control variable

theoretically relates to any variables in the study; if the control variable empirically relates to the focal independent variables; and if the control variable is reliably measured (Bernerth & Aguinis, 2015). Nationality, age and gender met most of these conditions.

Multiple regression analyses were conducted with the inclusion of nationality, age and gender as control variables in the first step (model 1). In the second step (model 2) of the analysis, the cultural orientations were included. The assumption of no perfect linear relationship (i.e. multicollinearity) between predictor variables was examined by using two criteria: the variance inflation factor (VIF) should not exceed a value of 10; and the average of all the predictor value should not exceed 1 (Bowerman & O'Conell, 1990, as cited in Field, 2009). Similar to simple linear regression, assumptions of linearity, homoscedasticity and normality were examined.

A two stage hierarchical multiple regression was conducted with individual oriented bonus as the dependent variable. As control variables, nationality, age and gender were entered at stage one. The cultural orientation collectivism was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 25. The criteria of a lack of multicollinearity was met. Furthermore, residuals testing indicated that the assumptions of linearity and homoscedasticity were met. The normality plot indicated a sufficiently normal distribution.

Hypothesis 1a stated that the preference for an individual oriented bonus will be negatively related to collectivistic orientation. Results from the hierarchical regression analysis indicated that the regression model (consisting of the culture dimensions) significantly predicted variance in the dependent variable (individual oriented bonus). However, collectivism did not explain unique variance in the dependent variable (β = -.05, $t(275)$ = -.874, p = .38 i.e. p > .05, ΔR^2 = .17, ΔF = 12.272, p < .001) while controlling for nationality, age and gender. Therefore, support for Hypothesis 1a was not found. It is noted though that uncertainty avoidance and long-term orientation did in fact predict unique variance in individual oriented bonus.

Table 25

Summary of Hierarchical Regression Analysis for Variables Predicting Individual Oriented Bonus (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	-.01	.00	-.11	-.00	.00	-.01
Gender	.23	.11	.12	.12	.11	.06
Nationality	-.20*	.08	-.14*	-.06	.08	-.05
Power distance				.02	.10	.01
Uncertainty avoidance				.40***	.09	.27***
Collectivism				-.07	.08	-.05
Masculinity				-.07	.07	-.06
Long-term orientation				.45**	.10	.26**
R^2		.05			.22	
F for change in R^2		4.981**			12.272***	

Note. Dependent variable = individual oriented bonus

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with group oriented bonus as the dependent variables nationality, age and gender were entered at stage one as control variables. The cultural orientation collectivism was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 26. The criteria of a lack of multicollinearity was met. Furthermore, residuals testing indicated that the assumptions of linearity and homoscedasticity were met. The normality plot indicated a sufficiently normal distribution.

Hypothesis 1b stated that the preference for a group oriented bonus is positively related to collectivistic orientation. Results from the hierarchical regression analysis indicate that the regression model (consisting of the culture dimensions) significantly predicted variance in the dependent variable (group oriented bonus) and that collectivism (IV) explained unique variance in the dependent variable ($\beta = .18$, $t(275) = 2.942$, $p = .01$ i.e. $p < .05$, $\Delta R^2 = .08$, $\Delta F = 4.766$, $p < .001$), while controlling for nationality, age and gender. Therefore, Hypothesis 2a was supported.

Table 26 *Summary of Hierarchical Regression Analysis for Variables Predicting Group Oriented Bonus (N = 284)*

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	.00	.00	.01	.00	.00	.06
Gender	-.01	.11	-.01	-.05	.12	-.03
Nationality	-.02	.08	.02	.08	.08	.06
Power distance				-.19	.10	-.12
Uncertainty avoidance				.15	.10	.11
Collectivism				.25**	.09	.18**
Masculinity				-.04	.07	-.04
Long-term orientation				.20	.11	.12
R^2		.00			.08	
F for change in R^2		.039			4.77***	

Note. Dependent variable = group oriented bonus

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with base pay as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation masculinity was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 27. The criteria of a lack of multicollinearity was met. Furthermore, residuals testing indicated that the assumptions of linearity and homoscedasticity were met. The normality plot indicated a marginal and non-erroneous deviation.

Hypothesis 2a stated that the preference for base pay is positively related to masculine orientation. Results from the hierarchical regression analysis indicated that the regression model (consisting of the culture dimensions) significantly predicted variance in the dependent variable (base pay). Masculinity did not explain in the dependent variable, (β = -.12, $t(275)$ = -1.919, p = .06 i.e. $p > .05$, ΔR^2 = .10, ΔF = 6.097, $p < .001$), while controlling for nationality, age and gender. Significance can be noted. Due to the direction of the relationship, support for Hypothesis 2a was not found.

Furthermore, Hypothesis 4c stated that the preference for base pay is positively related to uncertainty avoidance orientation. Uncertainty avoidance was shown to predict unique variance in base pay (β = .18, $t(275)$ = 2.805, p = .01 i.e. $p < .05$, ΔR^2 = .10, ΔF = 6.097, $p <$

.001), while controlling for nationality, age and gender. Therefore, support for Hypothesis 4c was found. Also it is noted that uncertainty avoidance and long-term orientation did in fact predict unique variance in base pay.

Table 27

Summary of Hierarchical Regression Analysis for Variables Predicting Base Pay (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	-.01*	.00	-.15*	-.00	.00	-.08
Gender	.07	.08	.05	-.02	.08	-.01
Nationality	.02	.06	.02	.10	.06	.10
Power distance				-.12	.07	-.10
Uncertainty avoidance				.19**	.07	.18**
Collectivism				.01	.06	.01
Masculinity				-.09	.05	-.12
Long-term orientation				.18*	.07	.15*
R^2		.03			.12	
F for change in R^2		2.45**			6.10**	

Note. Dependent variable = base pay.

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with bonus-oriented rewards as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation masculinity was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 28. All assumptions of conducting hierarchical regression were met.

Hypothesis 2b stated that the preference for performance-based bonuses is negatively related to masculine orientation. Results from the hierarchical regression analysis show that the independent variable masculinity did not predict unique variance in the dependent variable i.e. performance based bonuses (β = -.03, $t(275)$ = -.416, p = .68 i.e. $p > .05$, ΔR^2 = .16, ΔF = 10.479, $p < .001$), while controlling for nationality, age and gender. Therefore, support for Hypothesis 2b was not found.

Hypothesis 3b stated that the preference for performance-based bonuses will be

positively related to power distance orientation. The results can be seen in Table 28. The hierarchical regression analysis indicated that power distance orientation did not significantly predict unique variance in performance bonus-oriented rewards ($\beta = .01$, $t(275) = .128$, $p = .90$ i.e. $p > .05$, $\Delta R^2 = .16$, $\Delta F = 10.479$, $p < .001$), while controlling for nationality, age and gender. Therefore, support for Hypothesis 3b was not found.

Hypothesis 4a stated that uncertainty avoidance orientation is negatively related to preference for performance-based bonuses. The results are summarised in Table 28. The hierarchical regression analysis indicated that uncertainty avoidance orientation significantly predicted unique variance in performance bonus-oriented rewards. However, when considering the sign, a positive and not negative relationship was indicated ($\beta = .27$, $t(275) = 4.289$, $p < .001$, $\Delta R^2 = .16$, $\Delta F = 10.479$, $p < .001$), while controlling for nationality, age and gender. Hypothesis 4a was not supported given that the relationship was found to be significant, but in the opposite direction from that which was proposed.

Hypothesis 5b stated that the preference for immediate rewards (i.e. performance-based bonuses and base pay) is negatively related to long-term orientation. Table 28 shows the hierarchical regression which indicates that long-term orientation explained unique variance in performance bonus-oriented rewards. However, this was a positive relationship ($\beta = .23$, $t(275) = 3.875$, $p < .001$, $\Delta R^2 = .16$, $\Delta F = 10.479$, $p < .001$), while controlling for nationality, age and gender. Furthermore, Table 28 indicates that the relationship between long-term orientation and base pay was significant but in the opposite direction of what was hypothesized ($\beta = .18$, $t(275) = 2.468$, $p = .01$ i.e. $p < .05$, $\Delta R^2 = .10$, $\Delta F = 6.097$, $p < .001$), while controlling for nationality, age and gender. Thus, Hypothesis 5b was not supported.

Table 28

Summary of Hierarchical Regression Analysis for Variables Predicting Performance Based Bonus (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	-.01	.00	-.08	.00	.00	.01
Gender	-.09	.11	-.05	-.17	.11	-.09
Nationality	-.23**	.08	-.16**	-.11	.08	-.08
Power distance				.01	.10	.01
Uncertainty avoidance				.39***	.09	.27***
Collectivism				.00	.08	.00
Masculinity				-.03	.07	-.03
Long-term orientation				.40***	.10	.23***
R^2		.03			.16	
F for change in R^2		3.15*			10.48***	

Note. Dependent variable = performance based bonus

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with work-life balance as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation masculinity was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 29. All assumptions of regression were met.

Hypothesis 2c stated that masculine orientation is negatively related to work-life balance. Results from the hierarchical regression analysis indicate that masculine orientation did not predict unique variance in work-life balance (β = -.10, $t(275)$ = -1.426, p = .16 i.e. $p > .05$, ΔR^2 = .04, ΔF = 2.021, p = .076 i.e. $p > .05$), while controlling for nationality, age and gender. Therefore, Hypothesis 2c was not supported. It is noted though that power distance did predict unique variance in work-life balance.

Table 29

Summary of Hierarchical Regression Analysis for Variables Predicting Work-life Balance (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	-.00	.00	-.01	.00	.00	-.01
Gender	.13	.10	.08	.08	.10	.05
Nationality	-.11	.08	-.09	-.08	.08	-.06
Power distance				-.18*	.09	-.13*
Uncertainty avoidance				-.06	.09	-.05
Collectivism				-.02	.08	-.02
Masculinity				-.09	.06	-.10
Long-term orientation				.04	.10	.03
R^2		.02			.05	
F for change in R^2		1.47			2.02	

Note. Dependent variable = work-life baance

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with hierarchical pay as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation power distance was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 30. All assumptions of regression were met.

Hypothesis 3a stated that power distance orientation would be positively related to hierarchical pay. Results from the hierarchical regression analysis showed that the relationship between power distance and hierarchical pay was non-significant ($\beta = -.03$, $t(275) = -.494$, $p = .62$ i.e. $p > .05$, $\Delta R^2 = .04$, $\Delta F = 3.716$, $p < .001$), while controlling for nationality, age and gender. Therefore, Hypothesis 3a was not supported. Also, it was noted that uncertainty avoidance predicted unique variance in hierarchical pay.

Table 30

Summary of Hierarchical Regression Analysis for Variables Predicting Hierarchical Pay (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	-.01	.00	-.15	.00	.00	-.10
Gender	.21	.09	.13	.17	.10	.11
Nationality	.00	.09	-.12	.06	.07	.05
Power distance				-.04	.08	-.03
Uncertainty avoidance				.16*	.08	.13*
Collectivism				.05	.07	.04
Masculinity				-.04	.06	-.04
Long-term orientation				.24	.09	.17
R^2		.06			.11	
F for change in R^2		4.34**			3.72*	

Note. Dependent variable = hierarchical pay

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with job security as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation uncertainty avoidance was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 31. All assumptions of regression were met.

Hypothesis 4b stated that uncertainty avoidance orientation would be positively related to job security. Results from the hierarchical regression analysis show that uncertainty avoidance predicted unique variance in job security ($\beta = .27$, $t(275) = 4.350$, $p < .001$, $\Delta R^2 = .13$, $\Delta F = 8.843$, $p < .001$), while controlling for nationality, age and gender. Therefore, Hypothesis 4b was supported.

Table 31

Summary of Hierarchical Regression Analysis for Variables Predicting Job Security (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	.01	.00	-.11	.00	.00	-.02
Gender	.30	.11	.17	.19	.10	.10
Nationality	-.04	.08	-.03	.07	.08	.05
Power distance				-.16	.09	-.10
Uncertainty avoidance				.37***	.09	.27***
Collectivism				.02	.08	.01
Masculinity				-.06	.06	-.06
Long-term orientation				.25**	.10	.16**
R^2		.04			.18	
F for change in R^2		4.31**			8.84***	

Note. Dependent variable = job security.

* $p < .05$, ** $p < .01$, *** $p < .001$.

A two stage hierarchical multiple regression was conducted with future-oriented rewards as the dependent variable. Nationality, age and gender were entered at stage one as control variables. The cultural orientation long-term orientation was entered at stage two together with the additional cultural orientations. The regression statistics can be found in Table 32. All assumptions of regression were met.

Hypothesis 5a stated that long-term orientation would be negatively related to future oriented rewards (i.e. job security and pension benefits). Results from the hierarchical regression analysis in Table 31 showed that the relationship between long-term orientation and job security was positive ($\beta = .16$, $t(275) = 2.625$, $p = .01$ i.e. $p < .05$, $\Delta R^2 = .31$, $\Delta F = 8.843$, $p < .001$), while controlling for nationality, age and gender. As shown in table 32, the hierarchical analysis indicated that the relationship between long-term orientation and retirement/pension benefits was positive ($\beta = .20$, $t(275) = 3.273$, $p = .01$ i.e. $p < .05$, $\Delta R^2 = .13$, $\Delta F = 8.848$, $p < .001$), while controlling for nationality, age and gender. Therefore, support for hypothesis 5a was found.

Table 32

Summary of Hierarchical Regression Analysis for Variables Retirement and Pension Benefits (N = 284)

	Model 1			Model 2		
Variable	***B***	***SE B***	***β***	***B***	***SE B***	***β***
Age	.00	.00	.00	.01	.00	.10
Gender	.47***	.11	.25***	.39**	.11	.21**
Nationality	-.47	.08	-.03	.05	.08	.04
Power distance				-.11	.10	-.07
Uncertainty avoidance				.35***	.09	.24***
Collectivism				.09	.08	.06
Masculinity				-.01	.07	-.01
Long-term orientation				.33**	.10	.20**
R^2		.06			.13	
F for change in R^2		6.27***			8.85***	

Note. Dependent variable = retirement/pension benefits.

* $p < .05$, ** $p < .01$, *** $p < .001$.

Assessing Rewards Preferences by means of Choice Based Conjoint Analysis

The analysis of the conjoint task shows the utilities per level. Based on the range of the utilities within each attribute, the relative importance of each attribute is determined. Table 33 shows that base salary is relatively the most important attribute. This is followed by job security, retirement/pension benefits and work-life balance flexibility, which have similar scores in relative importance. The relative importance of bonuses is ranked fifth, followed by the attribute hierarchical pay.

Table 33

Attributes and Levels for the Conjoint Analysis for the Overall Sample

Attribute	Level	Level description	Utility	Relative Importance of attribute	Ranking
Base Salary	1	Low	-756.08		
	2	Average	222.74	32.5%	1
	3	High	533.34		
Bonus	1	None	-303.30		
	2	Yes, based on team performance	64.84	13.6%	5
	3	Yes, based on individual performance	238.46		
Retirement/pension	1	None	-363.21		
benefits	2	Some	52.02	16.8%	3
	3	Extensive	311.19		
Promotion to a higher job position	1	Small base salary increase	-55.24		
	2	Average base salary increase	-40.99	3.9%	6
	3	Significant base salary increase	96.24		
Work-life balance	1	No flexibility (e.g. fixed work hours)	-395.54		
	2	Some flexibility (e.g. flexible work hours)	161.20	16.1%	4
	3	Extensive flexibility (e.g. work from home)	234.34		
Job security	1	None	-388.11		
	2	Average	105.58	17.0%	2
	3	High	284.53		

Note. 1=lowest level, 2=intermediate level, 3=highest level.

Differences between cohorts based on cultural orientations

In order to examine trends between scores of cultural orientations and the relative importance of the reward attributes, different cohorts were created based on the cultural orientation scores. This was done by trichotomizing the data: three relative score groups were created based on the scores of the cultural orientations. This was done by creating percentile splits with a cut-off criteria for 1/3 of the sample, wherein the upper endpoint of the cut-off criteria was included in the group below the cut-off criteria.

It is noteworthy that artificial variance may be created between scores which may be

close to each other. For example, when using 2.5 as a cut-off point, the score 2.49 and 2.50 would be identified as low whereas 2.51 would be categorized as average. While these scores are in reality very close to each other, the trichotomization categorizes them as belonging to distinct groups and therefore makes them appear more distant than they are. Thus it is important to note that - by incorporating trichotomization – the statistical power may decrease.

The relative importance respondents attached to reward elements categorized by scores for collectivistic orientation are shown in Figure 1. The conjoint analyses revealed that the attributes retirement and pension benefits as well as job security were more important to the group that scored relatively high on collectivistic orientation. In contrast, base pay seemed more important to the group that scored relatively low on collectivistic orientation.

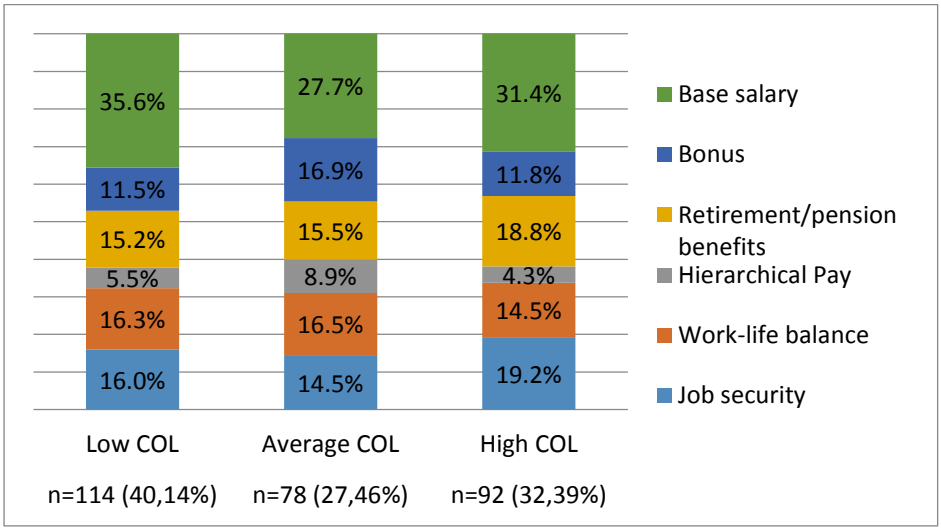

Figure 1. Overall relative importance of attributes by degree of Collectivism.

In terms of the utility values the different groups attached to the levels of bonuses, Table 35 illustrates that consistent results were found. Among all three groups the largest utility values were found for the individualistic oriented bonus, followed by a group oriented bonus and no bonus. This indicated that the group characterized with relative high collectivistic orientation did not show greater preference for group oriented-bonuses (H_{2a}) and the relatively individualistic orientated groups did not show a greater preference for individualistic oriented bonuses (H_{2b}). Thus, Hypotheses 2a and 2b were not supported.

Table 34

Utility Levels of Attribute Bonus by degree of Collectivistic Orientation of the Overall Sample (N = 284)

Attribute	Level	Level description	Utility Low COL (N = 114)	Utility Average COL (N = 78)	Utility High COL (N = 92)
Bonus	1	None	-300,350	-211,80	-237,10
	2	Yes, based on team performance	81,91	66,31	71,02
	3	Yes, based on individual performance	219,10	145,48	166,08

Note. 1 = lowest level, 2 = intermediate level, 3 = highest level.

Figure 2 indicates the differences in attribute importance between cohorts based on masculine orientation scores. The results indicated that the attribute hierarchical pay was more important among the above-average masculine oriented group. Another important difference to note is that job security was less important to relatively more masculine oriented respondents. Furthermore, there was no trend indicating that relatively more masculine orientated respondents had a stronger preference for base pay (H_{3a}) and performance-based bonuses (H_{3b}). Also, flexibility and work-life balance was not more preferred by relatively more feminine oriented respondents (H_{3c}).

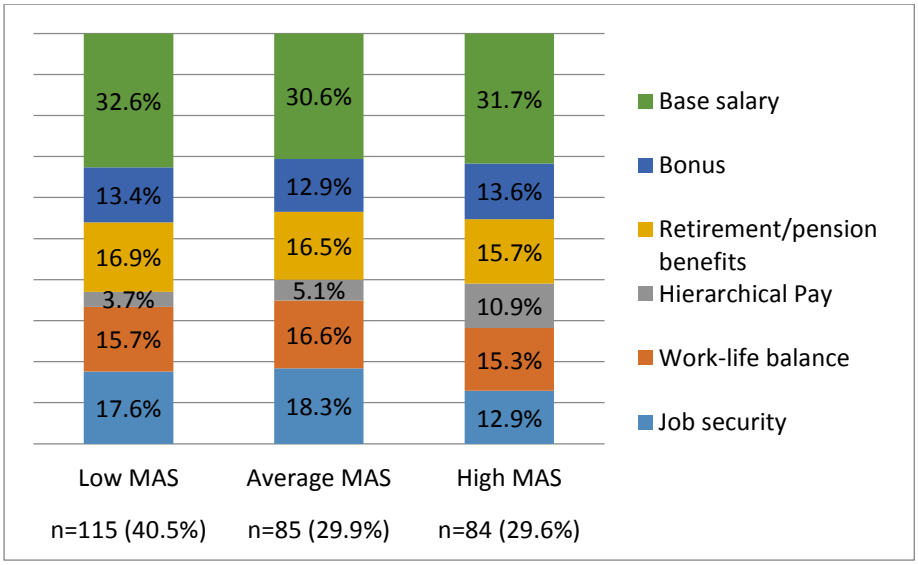

Figure 2. Overall relative importance of attributes by degree of Masculinity.

In terms of power distance, Figure 3 indicates that work-life balance was generally more preferred by individuals that have a lower power distance orientation. Furthermore, the results

indicated that hierarchical pay was more preferred among individuals that score relatively high on power distance orientation, which is in line with theoretical predictions (H_{4a}). However, the results did not indicate that bonuses are more preferred to the relatively low power distance oriented group (H_{4b}). Instead, the trends revealed that bonuses were generally more preferred by the high power distance oriented group.

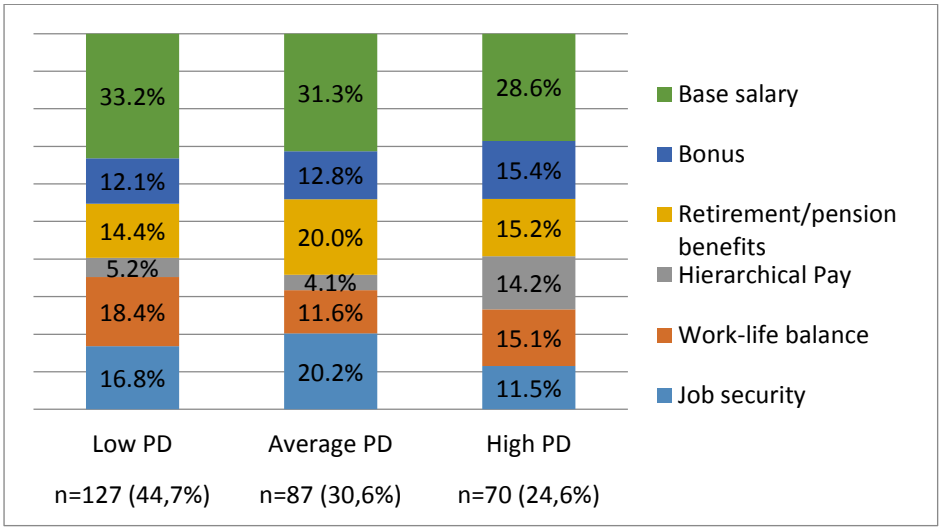

Figure 3. Overall relative importance of attributes by degree of Power Distance.

Figure 4 shows a comparison of the relative importance of reward attributes between cohorts based on uncertainty avoidance orientation scores. Individuals that scored relatively high on uncertainty avoidance orientation attached slightly more importance to base salary, which is in line with the theoretical prediction (H_{5c}). Likewise, job security was more important to individuals who scored high on uncertainty avoidance (H_{5b}). In contrast, work-life balance and hierarchical pay were less important to individuals who scored relatively high on uncertainty avoidance orientation. There was no clear trend visible in terms of preference for bonuses among the relatively lower uncertainty oriented group (H_{5a}). Interesting to note is that retirement and pension benefits – which are similar to job security in terms of their future orientation – were more important to the relatively high uncertainty oriented group.

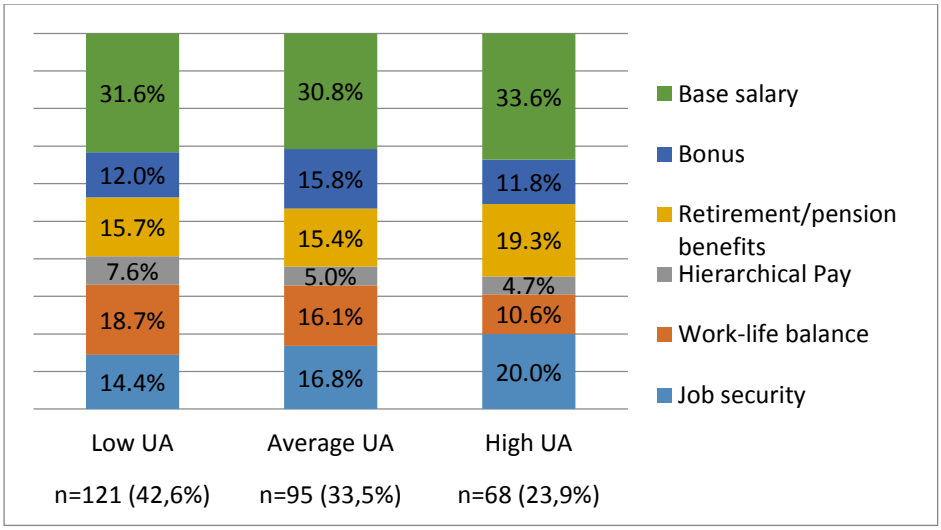

Figure 4. Overall relative importance of attributes by degree of Uncertainty Avoidance.

Figure 5 shows the overall relative importance of attributes by degree of long-term orientation. Respondents across different scores of long-term orientation indicated that there was a positive trend between retirement and pension benefits as well as job security and the group's long-term orientation (H_{6a}). In contrast, work-life balance and hierarchical pay showed a downward trend between the relatively low, average and high scoring groups of long-term orientations. The importance of base salary and bonuses did not increase as expected in the relatively short-term oriented group (H_{6b}).

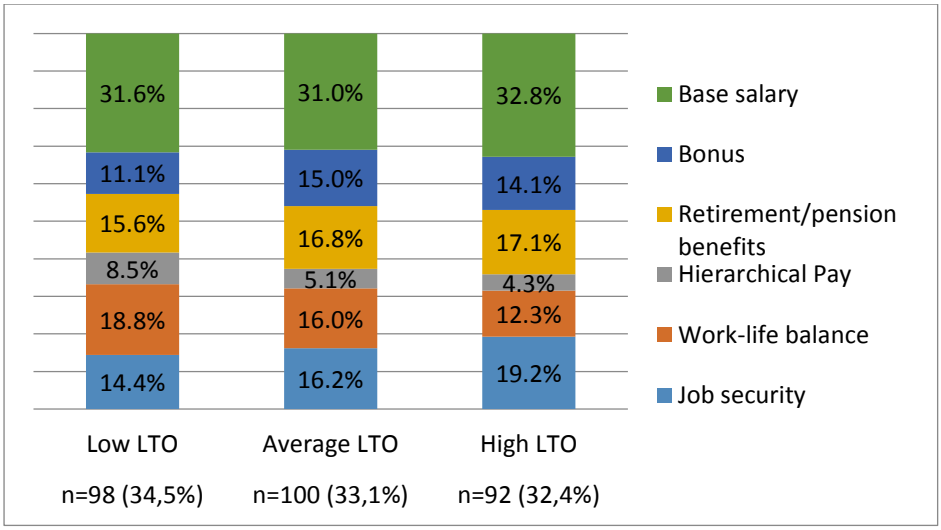

Figure 5. Overall relative importance of attributes by degree of Long-Term Orientation.

Differences between cohorts based on nationality

Figure 6 shows that work-life balance and hierarchical pay were more important to individuals living in the Netherlands. Another important difference was noted in the importance of base salary and bonuses, which were more preferred by South Africans.

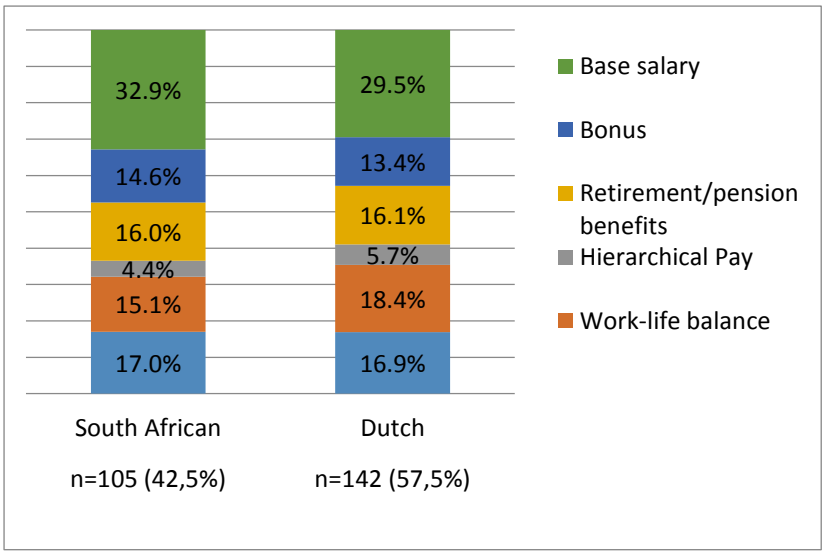

Figure 6. Relative importance of attributes by Nationality: South African and Dutch.

Note: In the above-mentioned conjoint figures the utilities values of the levels were not specified because each level was ranked as expected: level 1 was consistently the most preferred, followed by level 2 and level 3.

Summary

This chapter reported the results of linear and multiple regression analyses together with choice-based conjoint analysis. Taken together, these analyses showed that the data supported certain of the research hypotheses. An overview of the results is provided in Table 35.

Simple linear regression indicated support for five out of the twelve hypotheses, with the expected relationships being found in these cases. This was confirmed by hierarchical multiple regression analysis, while controlling for nationality, age and gender. Conjoint analysis identified four out of the twelve expected trends. In Chapter 5 the findings will be further discussed and compared to previous studies. The findings will also be explained in relation to the relevant theories.

Table 35 *Overview of Results*

Hypothesised relationships between cultural orientations and reward preferences	**Pearson Correlation**	**Simple linear regression analysis**	**Multiple regression analysis**	**Conjoint analysis**
H_{1a}: COL (–) Individual oriented bonus	✗	✗	✗	✗ n.t.o.
H_{1b}: COL (+) Group oriented bonus	✔	✔	✔	✗ n.t.o.
H_{2a}: MAS (+) Base pay	✗*	✗*	✗	✗ n.t.o.
H_{2b}: MAS (+) Bonus	✗	✗	✗	✗ n.t.o.
H_{2c}: MAS (–) Work-life balance	✔	✔	✗	✗ n.t.o.
H_{3a}: PD (+) Hierarchical pay	✗	✗	✗	✔ t.o.
H_{3b}: PD (+) Bonus	✗	✗	✗	✗ n.t.o.
H_{4a}: UA (–) Bonus	✗*	✗*	✗*	✗ n.t.o.
H_{4b}: UA (+) Job security	✔	✔	✔	✔ t.o.
H_{4c}: UA (+) Base pay	✔	✔	✔	✔ t.o.
H_{5a}: LTO (+) Job security, Pension benefits	✔	✔	✔	✔ t.o.
H_{5b}: LTO (–) Base pay and Bonus.	✗*	✗*	✗*	✗ n.t.o.

Note. UA = Uncertainty Avoidance, MAS = Masculinity, COL = Collectivism, LTO = Long-Term Orientation, PD = Power Distance, n.t. o. = no trend observed, t. o. = trend observed

*Significant relationship was found, but in the opposite direction to what was hypothesised.

CHAPTER 5
DISCUSSION

With the understanding of how cultural orientations are related to reward preferences, multinationals will be able to adjust their universal reward strategies to the demand of specific groups of employees, and in return, improve the attraction, motivation and retention of a culturally diverse workforce. By following a novel methodological approach i.e. using choice-based conjoint analysis and incorporating own measures of cultural orientation at an individual level, the present study attempted to bring further understanding to the field of international reward research. In the first part of the discussion the findings related to differences in cultural orientations and reward preferences between the samples obtained from South Africa and the Netherlands are discussed and the role of the reference-group effect is discussed. Thereafter the finings obtained for the hypothesised relationships between the cultural orientations and reward preferences are outlined. Finally, limitations of the present study and suggestions for future research are provided, as well as some theoretical and practical implications of the current study.

Findings related to Country Differences

Firstly, the cross-country differences in cultural orientations and reward preferences as measured by Likert-based response scales and the choice-based conjoint analysis are discussed. These results are compared with Hofstede's findings on a national level of analysis and the reference-group effect is explored.

Likert-based response scales

When measuring cultural orientations by means of Likert-based scale responses, the average scores showed significant differences between the Dutch and the South African respondents. While uncertainty avoidance orientation and long-term orientation were significantly higher among South Africans, masculinity orientation was significantly higher among Dutch respondents. These cultural differences are in contrast with the country scores of Hofstede (1980) for South Africa and the Netherlands. The contradictory cultural scores of Hofstede's study and the current study can be explained by various factors.

First, within-country difference could have resulted in the observed deviation from Hofstede's scores. According to Chao and Moon (2005) the levels of cultural orientation or values can be influenced other factors than the national culture. They propose that every individual has a unique cultural orientation which can be compared to a cultural mosaic consisting of various tiles. Each tile reflects a different influence in shaping the cultural orientation. The mosaic (i.e. cultural orientation) can consist of a demographic tile (e.g. gender, ethnicity), geographic tile (e.g. climate, urban/rural) and other associative tiles (e.g profession, family). Thus, each individual has a unique cultural mosaic that is influenced by various factors. It is likely that the differences between the scores of Hofstede's sample (2001) and the present study can be related to different influences of these "mosaic tiles". First, the studies differed in status of profession. While the sample of the present study included employed, unemployed and studying respondents, Hofstede's original sample only included IBM managers. Also, the present study incorporated all ethnic groups, while Hofstede obtained scores for the initial four cultural dimensions solely from white South Africans (Hofstede, 2001). This unrepresentative as the majority of South Africa categorized as Black according the Employment Equity Act (55 of 1998). A previous study has found only minimal cultural differences between racial and ethical groups in South Africa (Thomas & Bendixen, 2000), that particular study sampled participants from a single profession (i.e. middle managers), a limitation which calls into question the generalizability of its findings to broader South African society. That there are cultural differences between Black and White South Africans is supported by the GLOBE research program, which indicate important differences in terms of power distance, performance orientation and in-group collectivism (House et al, 2004). Altogether, the sample of Hofstede's study and the present study showed important differences which would relate to other cultural scores.

Moreover, there are also some important methodological differences between Hofstede's and the present study. Hofstede's (1980) initial dimension scores of the Netherlands and South Africa have not been updated since then (Hofstede, 2015). It is likely that they are outdated and that the values have changed over time. Differences between Hofstede's work and the present study could also be affected by the use of an adjusted questionnaire of the original VSM scale aimed to measure cultural orientations at an individual level of analysis. Moreover, Hofstede (2001) based his dimension scores upon rank ordering the national cultures and he argues that his study cannot be falsified by smaller studies in terms of reliability.

He highlights that his original study used a more extensive analysis including more than 40 countries, and Hofstede (2001, p. 463) stated that "…a trend found in a cloud of dots cannot be falsified by just 2 or 3 of those dots"). Thus, although the present study and Hofstede's work both measured similar concepts, there are important differences in sample, study design and methods which could have led to the contrary results obtained in cultural scores.

In terms of reward preferences, it was noted that South Africans scored higher in absolute terms on all reward elements than Dutch respondents did. At least two explanations can be given for this result. First, the findings can be linked to scores on the cultural orientations. It is can be noted that the South African sample scored significant higher on uncertainty avoidance and long-term orientation. Although the EFA indicated that uncertainty avoidance and long-term orientation were measuring different constructs, research from Baker and Carson (2011) indicates that there is to a certain degree theoretical overlap between these cultural orientations. Baker and Carson (2011) propose that that uncertainty avoidance oriented individuals can use two coping strategies to deal with ambiguity. By using the *attachment strategy*, individuals passively adjust themselves to conservative standards and dominant groups and norms, which implies they are more oriented towards the present. This is in line with Newman and Nollen's (1996) argument that uncertainty avoidant employees tend to stick to rules and regulations. However, Baker and Carson (2011) argue that in dynamic environments this form of attachment would be rather difficult and demanding, due to quickly changing standard and norms. By using the *adaption strategy* individuals tend to actively engage themselves in the changing environments in order to cope with the changes. According to Baker and Carson (2011), this implies that the people using an adaption strategy tend to be more future oriented. Compared to the attachment strategy, the study indicated that the adaption strategy was more used among average uncertainty avoidance individuals and equally used among high uncertainty avoidance oriented individuals, as compared to the attachment strategy (Baker & Carson, 2011). On the other hand, neither of the strategies were incorporated by individuals scoring low on uncertainty avoidance orientation. This result indicates that individuals high on uncertainty avoidance are also to a certain extent directed towards the future by using the adaption strategy, while there are no indicators that individuals that are low on uncertainty avoidance use the adaption strategy. Thus, uncertainty avoidant individuals are likely to be focused to a certain degree towards the future to cope with ambiguity. This notion is supported by squared correlation coefficients of the cultural orientations, which indicate that the variances

of uncertainty avoidance and long-term orientation overlap by 10.4%. Thus, the South African sample seems more future oriented than the Dutch sample. It would be interesting to question how this future orientation would be related to a higher preference for the reward elements measured in the present study.

The operant conditioning viewpoint can provide useful insights about future orientation that is inherent to rewards (Skinner, 1953). According to the operant conditioning theory, behaviour will be positively reinforced by offering a reward stimulus, while behaviour will be negatively reinforced by offering a punishment stimulus. Essential to this theory is that the actual stimulus is delayed from the moment that the behaviour is showed, and thus, given in the future. Similarly, organisations stimulate desired work behaviour of employees by offering the right reward elements, most of which are given in a future moment. For example, performance based rewards such as individual bonuses are received in a future moment after the employee has performed well or reached some predefined targets. But other types of rewards would also have the effect of operant conditioning, including base pay, where the reward is eventually received in return for work performance. When the performance expectations are not met, it is likely that – in the long run – either contracts are not extended or employees will be fired, which leads in a loss of base pay. In both scenario's the loss of base pay can be seen as removing a positive reinforcement, i.e. constituting a negative reinforcement (Skinner, 1953). Thus, remuneration can be seen as a form of operant conditioning by adding or removing desired stimuli to stimulate or discourage behaviour. As most reward elements are given in a future moment, we suggest that the South African sample is more oriented to the future than the Dutch sample, and therefore, has a stronger preference for all reward elements.

Beyond cultural orientations, the higher reward preference scores in South Africa can also be explained by the need for rewards. According to the deprivation model of Peng et al. (1997) people tend to value things more which they are lacking. In terms of the two nationalities, it is possible that the South Africans are generally offered lower rewards than Dutch people. For example, the Gross National Income per capita index of the World Bank (2014) indicates that people in South Africa earn less ($12,700) than people in the Netherlands ($47,660). These income figures are converted using Purchasing Power Parity, indicating that the amounts have a similar value in both countries. This reveals that in general South Africa citizens have less income than Dutch citizens. This seems to provide a useful explanation.

However, it should be acknowledged that within the South African population there is significantly more income inequality than the Netherlands, as indicated by the Gini coefficient (Worldbank, 2011). Considering that most of the respondents of the South African sample previously or currently followed higher education, it is probable that individuals of our sample represent a well above-average income segment within South Africa. Thus, it remains unclear whether the South African participants were 'lacking' rewards compared to the Dutch respondents.

Choice-based conjoint analysis

Whereas the Likert-based responses measured each reward preference separately, the choice-based conjoint analysis demonstrated how the importance of each reward element was related to the others.

In the overall sample, the results obtained in the current study suggest that base pay was perceived as the most important. Job security, retirement and pension benefits, work-life balance and bonuses were considered as average in importance by the respondents, while hierarchical pay was seen as the least important. Similar patterns of importance were also observed among the different cohorts by scores of cultural orientation and nationality. However, when comparing South African and Dutch respondents, important differences in relative importance of reward elements can be noted.

In the previous section it was indicated the South Africans scored higher on all reward elements in absolute terms. Conjoint analysis allowed the present study to differentiate between the reward elements by forcing respondents to make a choice between packages and a trade-off between the reward elements. The results obtained from the conjoint analysis suggest that base pay and bonuses were noticeably more important among the South African respondents (see Figure 7), while work-life balance was more important for respondents from the Dutch sample. Comparing these relative importance scores to the results of the cultural orientations for the country, these cross-country findings were contrary to expectations. It was indicated that the Dutch sample was characterized as more masculine oriented, which was assumed to be associated with higher preference for base pay. On the other hand, the South Africans had a more feminine orientation, which was assumed to be associated with higher preference for work-life balance.

Again, an alternative explanation can provided by the cultural orientations long-term orientation and uncertainty avoidance. It was previously stated that in relation to the offered reward elements, work-life balance became less important as the degree of uncertainty avoidance and long-term orientation increased, while the importance of base pay stayed moderate or increased slightly. It seems that the preference for work-life balance flexibility is different from the aforementioned future-oriented aspect of the other reward elements. Compared to the other reward elements of the current study, work-life balance is the only reward which does not directly resemble or indirectly relate to (i.e. job security) cash payment in the future. Instead, work-life balance flexibility refers to a reward which can already be received in the actual moment itself, by policies that contribute to combine the current work and private life. This would imply that individuals who score high on uncertainty avoidance and long-term orientation and are more future-oriented, are more concerned with financial-oriented rewards and do not necessarily prefer immediate rewards more, such as work-life balance. The cross-country comparison supports this idea, and it is seen that, as South Africans seem to be more future orientated, financial rewards seem more important while work-life balance is the least important.

However, the cross-country findings of the conjoint analysis also show that hierarchical pay is relatively more important in the Netherlands compared to South Africa. Two cultural orientations can explain this difference. First, it could be due to scores in uncertainty avoidance and long-term orientation in South African and the Netherlands, supporting the finding that hierarchical pay is not as accessible and obtainable as the other-financial rewards, and therefore less preferred in South Africa. In addition, this could be related to higher scores of masculinity in the Netherlands. Since hierarchical pay emphasizes achievements and equity, it would be expected to be more preferred in a higher-masculinity cultural context. It seems likely that these two cultural orientations explain why hierarchical pay was found to be more important for Dutch than for South African respondents.

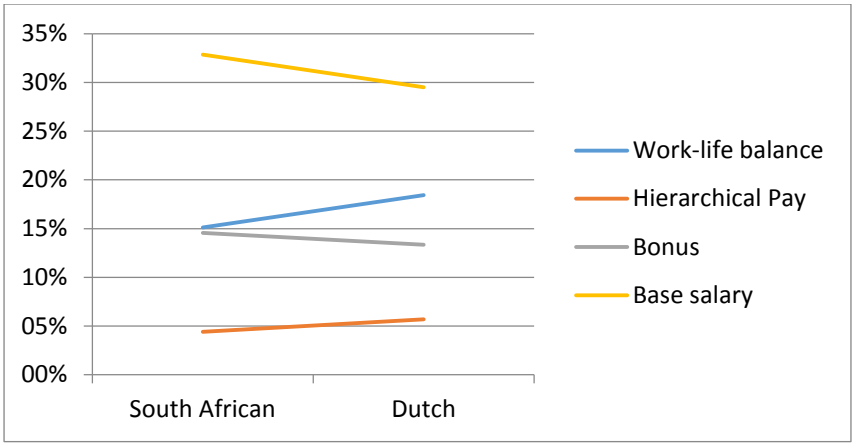

Figure 7. Trend lines of relative importance of attributes by Nationality.

Before discussing the role of the reference-group effect (Heine et al., 2002), it should be acknowledged that results of the surveys using the Likert-based response scales cannot be compared, in a straightforward mathematical or statistical way, to the results of the conjoint analysis. The two questionnaires are based on different premises/assumptions regarding the manner in which answering and testing is dealt with. Therefore, in the current study we cannot confidently make any conclusions about the existence of the reference-group effect in cross-cultural remuneration research. However, it would be interesting to compare predictions and findings of the questionnaires separately. It was predicted that the subjective scales of the Likert-based response scales are less likely to reflect cultural differences in constructs due to adjustment to the cultural norm (Heine et al., 2002). Interestingly, it can be noted that clear differences were found in preferences for reward elements between Dutch and South African respondents on the data collected using Likert scale responses. In contrast, not all of these clear differences were observed in the trends of the conjoint analysis. In fact, the results of the conjoint analysis were in some cases opposite to that of the Likert-based response scales i.e. where a forced-choice method was employed to overcome the reference-group effect (Biernat et al., 1991). It was noted that this force-choice method is only beneficial in relation to the reference-group effect, if the cross-cultural scores of Likert-based response scales are equal to each other, which was not the case in this study. Two possible scenarios are proposed in relation to the reference-group effect in cross-cultural remuneration research.

First, it is possible the reference-group effect is less prevalent among reward preferences as opposed to cultural values. This would imply that individuals are less aware of the norm of

the preference for reward elements within national cultural boundaries. For example, in terms of cultural values, citizens of a society are likely aware of the cultural norm and, consequentially, tend to calibrate their response on Likert-scales according to where they stand relative to the cultural norm (Heine et al., 2001). However, to be aware of a cultural norm, something needs to be observable. It is possible that in the case of something less observable in daily situations, in this study reward preferences, individuals would less be able to be aware of a societal norm and consequentially, base their answer upon this norm. This would mean that the reference-group effect has either no effect or a minor effect in remuneration research; individuals would be inclined to give a more objective answer in terms of reward preferences as opposed to cultural values on Likert-bases response scales. Furthermore, it is possible that the other factors were stronger than the reference-group effect. It was observed that the South African sample had, in absolute terms, a higher preference for all reward elements. Factors as stated in the explanations given for this finding (e.g. the deprivation model and cultural orientations) could have had more influence than the reference-group effect. Thus, although we did not examine directly the reference-group effect, we propose that based on the findings of the Likert-based response scales it seems possible that the reference-group effect is either not present or weak in cross-cultural remuneration research.

Thus, comparing the reward preferences as measured by Likert-based response scales, it was demonstrated that South African respondents have a stronger preference for all reward elements than Dutch respondents. Forcing respondents to make a choice between the given set of reward elements with help of the choice-based conjoint analysis, it was indicated that accessible financial rewards were more important to South African respondents compared to Dutch respondents. This was explained by the future component of the high scores in uncertainty avoidance and long-term orientation of South Africans. Furthermore, the cross-country findings did not indicate a major influence of the reference-group effect in cross-cultural remuneration research.

Findings related to the Relationships between Cultural Orientations and Reward Preferences

The aim of the study was to investigate the relationship between cultural orientations and various reward preferences. By understanding these relationships, multinationals will be able to adapt their reward strategies to other cultures and optimize the attraction, motivation

and retention of employees. The cultural orientations were measured with an existing scale based on Likert-type response questions that was found to be valid and reliable (Yoo, Donthu, & Lenartowicz, 2011). By measuring the reward preferences also by Likert-based response scales, the relationship between cultural orientations and reward preferences could be measured. These results are discussed first. In addition, trend lines measured with the help of choice-based conjoint analysis provide insights about which trade-off the respondents make between the given set of reward elements.

Collectivism

Based on a theoretical rationale and on previous studies (e.g. Herkenhoff 2002, 2009) the study expected to find a positive relationship between an individualistic orientation and a preference for bonuses based upon individual performance. However, the data showed no significant positive relationship. One possible explanation for this counter-intuitive null finding may lie with the idea of people's acceptance of inequality. It has been suggested that the scores on the individualism-collectivism dimension can be combined with another dimension that reflects the degree to which inequality between individuals is accepted, also referred to as the vertical-horizontal dimension (Singelis, Triandis, Bhawuk, & Gelfand, 1995). While people scoring on the vertical pole tend to accept inequality between others, individuals positioned on the horizontal pole emphasize the equality between others. This implies that individuals can have a combination score on the individualism-collectivism dimension and a score on the vertical-horizontal dimension. An example of a combination is a vertical-collectivistic oriented person, who is characterized by the collective in-group focus, while accepting inequalities within that group. The existence of the vertical-horizontal dimension has been empirically supported (Singelis et al., 1995). As the present study did not measure the vertical-horizontal dimension, it is theoretically possible that the more individualistically oriented respondents were predominantly horizontally oriented, i.e. not accepting inequality between others. This would contradict with the notion that individualistic people would be more focused on themselves (Hofstede & Hofstede, 2005). It is possible that the preference for individualistic-oriented bonuses is more dependent on the score of the horizontal-vertical dimension than the individualistic-collectivistic dimension.

As hypothesized, the present study found that collectivistic orientation was significantly positively related to a preference for group-oriented bonuses. This result suggests that more

collectivistic-oriented people have greater preference for bonuses based upon group performance. It seems that collectivistic-oriented individuals prefer to emphasize interdependence with others while being rewarded for performance. The present study is the first to examine this relationship directly. In relation to previous studies, Kim (2012) investigated whether group-oriented bonuses were more prevalent in collectivistic countries and found no support for this hypothesis. It should be emphasized that Kim's study design differed from the current study. Firstly, Kim (2012) investigated reward *practices* rather than the *preference* for reward practices. There is a possibility that the reward practices of a given country were not adjusted to the preferences of employees. For example, companies included in the study may have been aware of the national preferences, or the adjustment may have been impossible due to economic or practical constraints. Moreover, Kim's study (2012) took the form of a country-level analysis with two different external datasets, and thus, used different samples. Within-country differences of each sample could have resulted in additional variance.

In terms of the hypothesised relationships as discussed above, the utility values of the conjoint analysis demonstrated that, independent of the degree of collectivistic orientation, the individualistic oriented bonus was preferred over the group-oriented bonus. Thus, while making a trade-off between other reward elements, there was no trend observed by the degree of collectivism as expected.

Figure 8 also suggests that, in contrast to the results of the regression analysis, there was a positive trend observed between collectivism and retirement/pension benefits as well as job security. Both forms of reward can be perceived as a form of employer and organisation loyalty towards the employee that is characterised by the commitment to support the employee. With job security the employer and organisation seems assured that the employee has certainty in keeping the job in the future, while with retirement and pension benefits the employer and organisation ensures that the employee has an income after ceasing to work full time. This is in line with Hofstede and Hofstede's (2005), argument that the relations between the organisation, employer and employees within collectivistic cultures are characterised by lifelong loyalty (Hofstede & Hofstede, 2005). Workers are more likely to be treated as family members in collectivistic societies (Hofstede, 2001). Being a family member implies that relationships are non-changeable. This non-changeability seems also to relate to the finding that retention rates of workforces are higher in collectivistic societies (Hofstede, 2001). It

seems that, in order to stress the lifelong loyalty- and family-based relationship between the employers/organisation and the employee, job security and retirement/pension benefits are more important to collectivistic-oriented employees.

On the other hand, the conjoint analysis showed a negative trend between collectivism and base pay, as shown by Figure 8. This trend reveals that while making a trade-off between the other reward elements such as job security and retirement/pension benefits, base pay seemed to become less important as the degree of collectivistic orientation increased. It is possible that hierarchical pay does not reflect the interdependence between colleagues and the organisation (Hofstede, 2001), and therefore, other reward elements such as job security and retirement/pension benefits become more important to more collectivistic-oriented respondents.

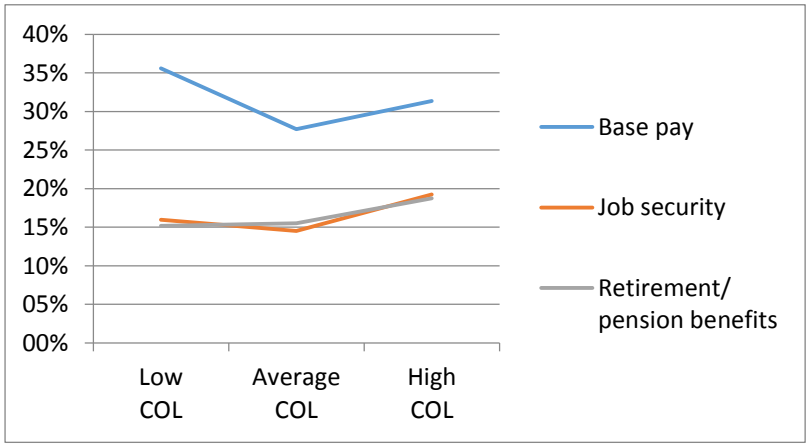

Figure 8. Trend lines of relative importance of attributes by degree of Collectivism.

Thus, it was found that the preference for group-oriented bonuses were positively related to collectivism. However, as respondents needed to choose between different reward elements, group-oriented bonuses did not seem to become more important as the degree of collectivistic orientation increases. This can be explained by two trends shown by other reward elements being offered: base pay became relatively less important, while loyalty-based reward became relatively more important as the degree of collectivism increased.

Masculinity

The present study did not find support for a significant positive relationship between masculine

orientation and the preference for performance-based bonuses and base pay. The data indicates that masculine-oriented individuals, as assessed here, did not have a higher level of preference for monetary rewards, typically in order to acquire material success that was proposed to be associated with masculinity (Gomez-Meija & Welbourne, 1991). Contrary to previous studies, the results of the current study indicated that base pay had a significant relationship with masculinity, but in an opposite direction (i.e. negatively) to what had been predicted. Similarly, Chiang and Birtch (2006) found in a cross-country study that the preference for base salary was significantly higher in Finland compared to Hong-Kong, countries that are characterized by feminine and masculine cultures, respectively. The present study confirms these earlier findings at an individual level of analysis. Although the stronger preference for material success may still be associated with masculine orientation, the findings seem to indicate that solely financial stimuli in the form of base pay are not ways to achieve material success among more masculine oriented individuals.

In the simple linear regression analysis it was further revealed that more feminine oriented individuals prefer flexibility and work-life balance. This is the first time this relationship has been found at an individual level of analysis, and this result contrasts earlier findings of Herkenhoff (2002). It should be noted that Herkenhoff (2002) measured a slightly different construct i.e. the preference for shorter work hours, which can be seen as a facet of flexibility and work-life balance (Wise et al., 2003). However, the negative relationship between masculinity and work-life balance was not replicated in the hierarchical regression analysis. Various explanations can be given for the difference between results of the simple linear and hierarchical regression. It is often assumed is that control variables cannot cause harm. In the context of this study, this would imply that the effect measured initially by simple linear regression analysis was in fact due to one of the variables that were later added during the hierarchical regression. However, contrasting arguments state that unsuccessful replication in the hierarchical regression may be caused by adding unnecessary control variables, which can relate to decreased statistical power as well as the explained variance in the dependent variable (Bernerth & Aguinis, 2015). Becker (2005) notes that including control variables is debatable: the decision not to add relevant control variables can lead to type II errors (i.e. an actual effect was not measured), while adding unnecessary control variables can lead to type I error (i.e. a false or non-existing effect was mistaken for a true effect). By following Berneth and Aguinis' (2015) criteria it was believed that the correct control variables were added.

Nevertheless, it should be acknowledged that adding control variables could have resulted in a type II error.

The conjoint analysis did not find any trend related to the hypothesised relationships between masculinity and other reward elements. For example, the trends in the conjoint analysis showed that the perceived importance of work-life balance flexibility remains relatively stable across levels of masculine orientation (see Figure 9). Thus, while feminine orientation and work-life balance may be positively related, the trend of the conjoint analysis indicates that – compared to more masculine orientated respondents – feminine respondents attach more importance to the other elements of rewards that are offered in the conjoint analysis.

One of these reward elements is job security. Figure 9 shows a negative trend between masculinity and job security. This indicates that the reward element of job security is more important to feminine oriented respondents compared to masculine respondents while considering the additional reward elements. This can be explained by the notion that femininity is associated with stressing the quality of life (Hofstede, 2001). As quality of life is a broad construct that can be defined in many ways (Farquhar, 1995), Hofstede approached quality of life by different facets, one of which one is employment security (Minkov, 2013). Employment security and job security are very similar constructs, while the former refers to certainty of having employment in general the latter refers to the certainty of staying with a particular organisation. Feminine orientated people seem to emphasize the quality of life, and the feeling of certainty in having income and work in the future seems to be a means to achieve this.

Furthermore, the results obtained from the conjoint analysis indicated a positive trend between masculinity and hierarchical pay (as displayed in Figure 9). This trend can be explained by the notion that that masculinity is associated with equity, while emphasizing achievement (Hofstede & Hofstede, 2005). The achievement of employees is reflected in their job positions, and a differentiated pay structure based on job position stresses the successes employees have achieved. Furthermore, femininity is more associated with equality with an emphasis on concern of others (Hofstede & Hofstede, 2005). As the trends of the conjoint analysis reflect that hierarchical pay becomes more important as the degree of femininity increases, the non-equal pay structure of hierarchical pay seems too self-focused for the

feminine oriented respondents. Thus, it is likely that while comparing this to the importance of the additional reward elements, the positive trend between masculinity and hierarchical pay is due to the way in which this kind of remuneration reflects achievement, and to the self-directed (versus communal) nature of hierarchical pay.

Figure 9. Trend lines of relative importance of attributes by degree of Masculinity.

Thus, it seems that monetary reward is not positively related to masculinity. While it is uncertain whether there is a significant negative relationship between masculinity orientation and work-life balance, the negative relationship is not reflected in the trends observed by the conjoint analysis. This is likely to be due to the trade-off between other reward elements i.e. job security becomes relatively less important while hierarchical pay becomes relatively more important as the degree of masculinity increases.

Power distance

The results obtained in the current study suggest that power distance did not have a significant positive relationship with hierarchical pay, which is in contrast with Herkenhoff's findings (2002). In addition, no significant relationship was found between power distance and bonuses. These two null findings could have been the result of the low reliability of the power distance scale that was below the standard of Cronbach's alpha score of 0.7 (Kline, 2005). This implies that it there could have been measurement error, which is variance that cannot be attributed to the true scores of respondents. An insufficient reliability indicates insufficient consistency and correlation across the multiple power distance items. The relatively low correlation between the items of a construct limits the measurement of correlation between power distance and

other constructs (Kline, 2000). The so-called true correlation of power distance with the reward preferences may have been affected by the relatively low reliability and the associated high measurement error.

In contrast to the regression analysis, the conjoint analysis showed a strong positive trend between power distance and hierarchal pay (see Figure 10). This result seems to suggest that, compared to the other reward elements, those individuals with a higher level of power distance attached greater importance to a pay structure based upon job positions than those who scored lower on power distance. Earlier studies by Herkenhoff (2002, 2009) demonstrated that hierarchical pay was preferred to non-hierarchical pay in countries high on power distance. In contrast, the conjoint analysis showed that hierarchical pay was, in absolute percentages, the least important reward element, irrespective of the degree of power distance orientation. Thus, although hierarchical pay seemed to become more important as the degree of power distance increased, overall it remained a relatively unimportant reward element compared to the others. This result illustrates the advantages of the conjoint analysis compared to the Likert-based reward scores as used by Herkenhoff (2002, 2009), which measured each reward element separately. By forcing respondents to make a trade-off between the different packages consisting of multiple reward elements, it was found that hierarchical pay was in absolute terms the least preferred reward element (of all reward elements presented within the conjoint task in the present study).

The conjoint analysis further suggests (see Figure 10) a declining trend between flexibility and work-life balance and power distance orientation. Work-life balance was considerably less important for respondents with average and high power distance orientations, compared to those with low power distance orientations. It seems unclear which factors can explain such an observed difference. Other rewards might have affected the declining trend between work-life balance and power distance. Next to the increasing trend of hierarchical pay, the conjoint analysis also showed that bonuses became slightly more important, while base pay became less important, as power distance orientation increased. Thus, the combination of other reward elements might have determined the declining trend.

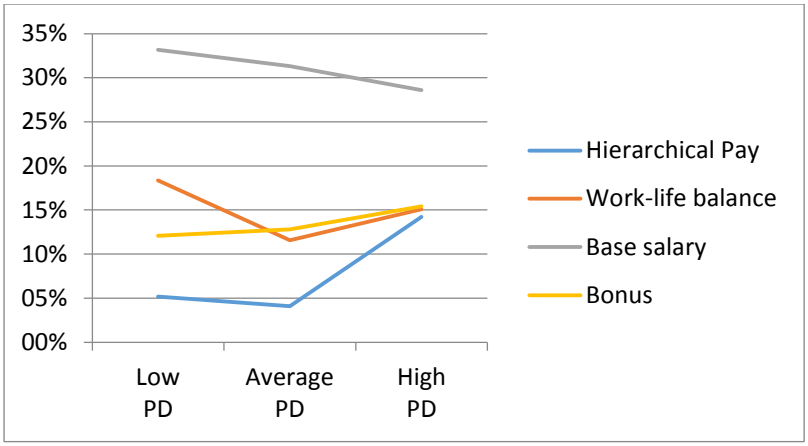

Figure 10. Trend lines of relative importance of attributes by degree of Power Distance.

Thus, while no positive relationship was found through the inferential statistics, the conjoint analysis revealed that hierarchical pay became relatively more important in relation to the other reward elements as the degree of power distance increased. In contrast, work-life balance was relatively less important for respondents with average to high power distance orientations.

Uncertainty avoidance and long-term orientation

Because of the conceptual similarity between uncertainty avoidance and long-term orientation as discussed in the cross-country discussion, these cultural orientation are discussed together. No negative significant relationship was found between uncertainty avoidance and the preference for rewards based on performance. In the same vein, no negative significant relationship was found between long-term orientation and immediate rewards such as base pay and performance-based rewards. Interestingly, both uncertainty avoidance and long-term orientation were positively related to the majority of the reward preferences, with the exception of work-life balance.

The hierarchical regression analysis supported the hypothesis that more uncertainty avoidant individuals have a greater preference for job security, in line with previous cross-country level findings (Herkenhoff, 2002; Chiang & Birtch, 2006). Also, the regression analysis supported the hypothesis that retirement and pension benefits as well as job security (labelled future oriented rewards here), were preferred more by long-term oriented individuals. Furthermore, the Pearson correlation coefficients revealed that uncertainty avoidance and long-

term orientation had very similar relationships with all reward elements, both in terms of a positive direction as in strength. Thus, it seems that in terms of relationships between reward preferences the cultural orientations uncertainty avoidance and long-term orientation function similarly.

As discussed before, this can explained by the future component of the cultural orientations. Because reward have positive implications for a future moment, and not necessarily for the present moment, people with higher scores in uncertainty avoidance and long-term orientation have generally a stronger preference for rewards.

However, the Pearson correlation coefficients that were obtained in the study indicate that the preference for work-life balance flexibility was not significantly related to uncertainty avoidance orientations and long-term orientation. The preference for work-life balance was also not significantly correlated with the other reward preferences. This supports the notion, as discussed with the cross-country findings, that flexibility and work-life balance does not have the financial and future oriented component as other rewards.

In the previous section we suggested that that financially oriented rewards are much more preferred among those who score high in uncertainty avoidance and long-term orientation. Due to the trade-off respondents need to make in the conjoint analysis between these financially oriented rewards, it is possible to determine which become more important in the given reward packages and further distinguish between these financial rewards. Figure 11 shows that there is a positive trend observed between uncertainty avoidance and future oriented rewards (i.e. retirement/pension benefits and job security), while considering a trade-off between other reward elements. Similar trends were found in terms of long-term orientation. These rewards are – next to the financial component as discussed before – very oriented towards the future. Job security reflects the employee's perception of continuity in the job, while pension and retirement benefits reflect payments after the employee stops working. It seems that this strong future-orientation of reward elements seems important to respondents with higher levels of uncertainty avoidance and long-term orientation.

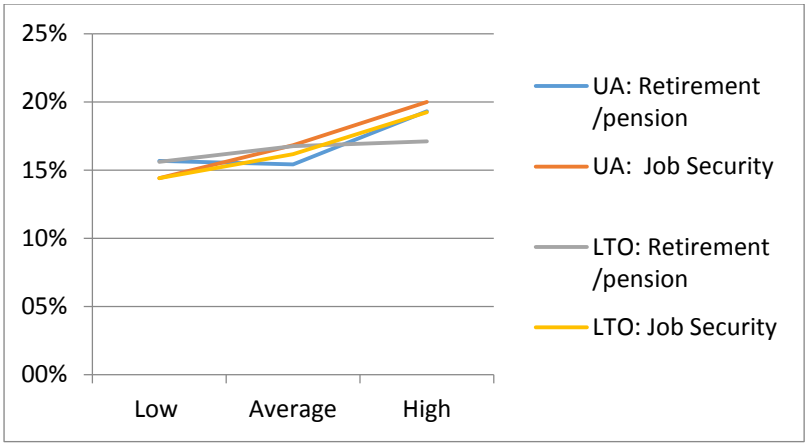

Figure 11. Positive trend lines of relative importance of attributes by degree of Long-Term Orientation and Uncertainty Avoidance.

On the other hand, Figure 12 shows that financial rewards (i.e. base pay and bonuses) show a relatively stable trend with respect to the degrees of uncertainty avoidance and long-term orientation. This indicates that in relation to other reward elements, the delayed timing of rewarding cash as explained by the operant conditioning theory (base pay and bonuses), seems less important than the future-orientation of rewards (retirement and pension benefits, job security).

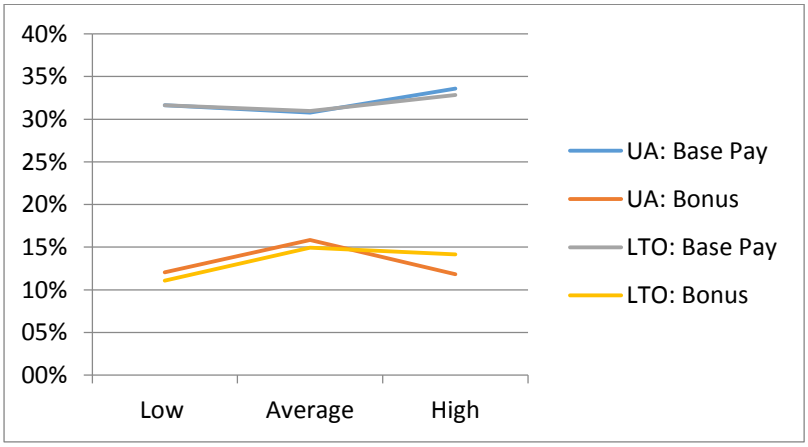

Figure 12. Stable trend lines of relative importance by attributes by degree of Long-Term Orientation and Uncertainty Avoidance.

In contrast, Figure 13 shows negative trend lines indicating that hierarchical pay and work-life balance become relatively less important as the levels of long-term orientation and uncertainty avoidance increase. This supports the notion that work-life balance is a reward element that is more related to the present, as it has no explicitly financial characteristics. Furthermore, the

trend lines indicate that hierarchical pay seems to be different to other financial reward elements, as discussed before. This may be explained by the accessibility of increasing the reward (i.e. the perceived likelihood of moving up the pay hierarchy). While higher base pay and bonuses can be can be earned by performing as desired, hierarchical pay is far more indirect in the way it can be earned. Before a difference in hierarchical pay is earned, promotion needs to be attained. The chance of getting a promotion may depend on several factors, e.g. a higher job position needs to become vacant in addition to satisfactory performance on the part of the employee. The financial component of hierarchical pay seems less accessible than other financial rewards and, therefore, other reward elements are more important for the group scoring high on long-term orientation and uncertainty avoidance.

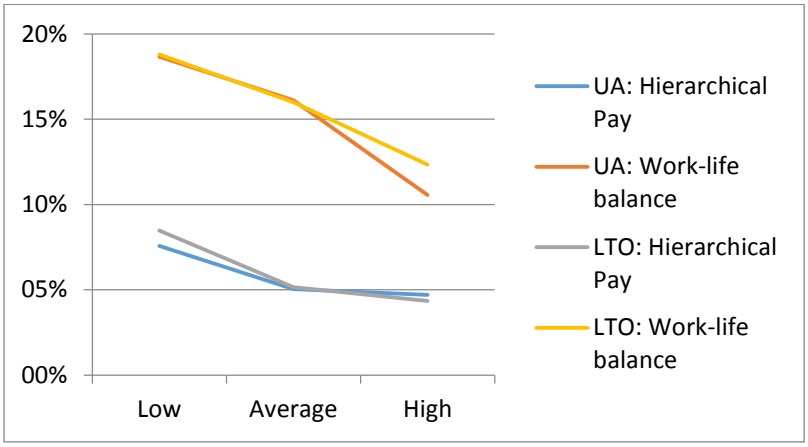

Figure 13. Negative trend lines of relative importance of attributes by degree of Long-Term Orientation and Uncertainty Avoidance.

Thus, it was demonstrated by the Pearson correlation coefficients that all financially-related rewards were positively related to uncertainty avoidance and long-term orientation. By forcing respondents to make a trade-off between these rewards in the conjoint analysis, the direction of the trends allowed the present study to further distinguish between these reward elements. First, financially-related rewards with a strong future-orientation seem the most important (i.e. job security, retirement/pension benefits), as indicated by the positive trend. Thereafter, financial rewards that are relatively directly obtainable seem less important, as indicated by the stable trend. Least important seems inaccessible financial rewards (hierarchical pay) and non-financial rewards (work-life balance), of which both showed a negative trend with uncertainty avoidance and long-term orientation.

This illustrates differences in the decision making process of respondents between the Likert-based response scales and choice-based conjoint analysis. By more realistically approximating the choices a respondent needs to make in choosing between reward packages, conjoint analysis provides information about which trade-off is being made between the offered reward elements.

Limitations

This study did not examine potential moderators that could have affected the relationships between cultural orientations and reward preferences. According to Osland and Bird (2000), the complex nature of culture cannot always be explained by simple cultural models such as Hofstede's work. Reality often contradicts the predictions of cultural models; also called cultural paradoxes. Osland and Bird (2000) argue that the effect of a cultural value orientation is not only dependent on the measured prevalence and strength of the cultural value – one of the assumptions of this study – but is rather context dependent. Osland and Bird (2000) explain this through the analogy of playing cards: just as relatively high cards are not always valuable in every circumstance of a game, high levels of certain cultural value orientations are not always demanded in every situation. It is likely that contextual factors may determine which cultural orientations become active and more influential in determining reward preferences. For example, Chiang and Birtch (2006) suggest that macro influences such as tax climate can influence preferences for rewards in countries. It is possible that respondents consider these contextual factors while determining their levels of reward preferences.

The study made use of English questionnaires in both South Africa and the Netherlands and it was assumed that this would not adversely affect the results. However, it is possible that some of the Dutch respondents' proficiency in English was not sufficient to fully comprehend all the items. Likewise, South Africa has 11 official languages, and not all citizens fluently speak or fully comprehend English. Although the demographic data indicated that the majority of the respondents in South Africa had accessed higher education, which is mostly conducted in English, it is still possible that some of the items were not fully understood due to language barriers.

It is acknowledged that the cross-country samples were not completely equal to each

other. This poor matching of samples is indicated as one of the risks of cultural research (Hofstede, 2001). The samples differed markedly in terms of industries of work. Furthermore, minor differences were found in the composition of work status (i.e. student, employed or unemployed) and level of education.

It should be noted that the sample the present study used aimed to incorporate knowledge is not equally representative to the racial composition of South Africa. In South Africa, the majority of the population is categorized as Black (80,2%), followed by minor ethnicities Coloured (8,4%), White (8.4%) and Asian (2.5%) (Statistics South Africa, 2014). This is not in line with our sample, of which the majority was White (43,2%), followed by Black (34,1%), Coloured (8.3%) and Indian (3,0%). Of the Dutch sample most of the respondents classified themselves as Dutch (82,2%). This is in line with the ethnical composition of the Netherlands, of which also the majority is categorized as Dutch (78,3%) (Statistics Netherlands, 2015). Additionally, it is likely that due to the snowball sampling technique used in the present study, the samples were centred towards the cities in which most of the initial respondents were asked to participate. This was Cape Town in South Africa and Rotterdam in the Netherlands. Based on earlier arguments that subcultures may exist within cultures (Lenartowicz, Johnson, & White, 2003), it is possible that the cultural orientations measured in this study are not representative for countries as a whole.

It should be acknowledged that incorporated questionnaires could be biased. First, Likert-based response scales are prone to common method biases, which can lead to artificial covariance. This may decrease the validity of the results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). For example, it is possible that the respondents may have had implicit theories linking constructs used in this study. Applying this common method bias to this study would mean that implicit theories of respondents between, for example, collectivism and group-oriented bonuses, would have affected the results. Also other common method biases, such as social desirability and the constancy motif, may have affected the results (Podsakoff et al., 2003).

In terms of the choice-based conjoint analysis, it should be noted that range effects could have affected the conjoint results. When there are different ranges for each attribute, the relative preference scores are less comparable with each other (Eggers & Sattler, 2011). In our study

we tried to determine similar ranges. However, some of the attributes have slightly different levels. For example, the levels of attribute bonuses was more extreme (yes and no) compared to the levels of the attribute base pay (low, average and high). This means that respondents may have appeared to attach greater importance to bonuses compared to base pay simply because of the nature of the response choices they were given (being more extreme for bonuses than for base pay). The use of different range levels may this have affected the data on the relative importance of attributes.

Future Studies

The discussion above highlighted certain constructs that would enhance further studies of this nature. Future studies should measure the vertical-horizontal dimension (Singelis et al., 1995) and explore its role in relation to individual and group oriented bonuses. Furthermore, cross-cultural remuneration research should include income levels of the participants to examine whether the deviation model of Peng et al. (1997) can explain differences in reward preferences based upon the need for cash.

Further studies should also attempt to replicate the results found in the present study at an individual level of analysis incorporating Hofstede's values. In the context of the findings of the present study, it would be interesting to examine whether the current results are generalizable within South Africa and the Netherlands when using different samples, as well to examine the generalizability beyond these country borders. Moreover, the relationship between cultural orientations and reward preferences is not limited to the cultural orientations and reward elements used in the present study. Other cultural models should be incorporated to measure cultural orientations on an individual level of analysis, such as Schwartz's model (1992). Similarly, reward can be seen as a holistic concept which can include a wide range of reward elements. Thus, future research should replicate the findings by using different samples in the same and other countries, by incorporating other cultural values or constructs, and by incorporating different reward elements.

The present study did not directly examine the reference-group effect by using any form of analysis to compare the results of both questionnaires. It therefore remains possible that the reference-group effect relates to the ambiguous results in reward preferences of previous cross-cultural studies on a country level of analysis. Future studies should examine the role of the

reference-group effect through a more complex study design. For example, Heine et al. (2002) examined the reference-group effect by comparing Japanese and American respondents in terms of independence. The respondents were given three types of preparation before answering a question: 1) no instructions were given; 2) respondents were asked to base their answers upon the Japanese norm; 3) respondents were asked to base their answers upon the American norm. As expected, it was found that the actual differences observed were bigger when respondents of both samples used the same norm. However, this study design has a practical constraint: respondents from both countries should be aware of the norm of the other country with which the comparison is being made. In Heine et al.'s (2002) study, this difficulty was addressed by sampling respondents participating in an exchange program. However, sampling such specific respondents may be very difficult. Furthermore, the present study was conducted with a cultural value, which may be more present and observable during an exchange program than the collective norms of the preference for reward elements. Thus, measuring if there is a reference-group effect in the field of cross-cultural remuneration is likely to be very challenging. Future studies should explore different study designs and methodologies to more precisely determine the role of the reference-group effect in cross-cultural remuneration research.

Using the conjoint analysis in cross-cultural research, future studies should attempt to include concrete items as suggested by Hair et al. (2006). For example, base salary may be expressed by $1000 (low), $1500 (medium) or $2000 (high). A disadvantage of using concrete options is that this decreases the generalizability. For example, it is likely that South Africa and the Netherlands have different costs of living and that $2000 is considered high in the former country while it would be considered low in the latter country. As lower generalizability decreases the comparability between cultures, the concrete levels should be adjusted towards country specific indicators. For instance, base salary may be converted via Purchasing Power Parity to indicate concrete items with similar value in both countries

Theoretical Implications

The present study contributed to the field of cross-cultural remuneration by demonstrating that several cultural orientations can be linked to preferences for reward elements. By using an individual level of analysis, the study demonstrated that the significant relationships were present in samples derived from South Africa and the Netherlands, two

culturally different countries. This suggests that the relationships between cultural orientations and reward preferences may have a universal basis and could be valid in culturally diverse societies.

The present study further showed that the conjoint analysis adds additional information over constructs measured by the Likert-based response scales. The conjoint analysis allowed the study to examine whether actual decision making can be different from what is measured in predicted relationships. As the conjoint analysis mimics how people make choices, this technique can be further incorporated to predict how employees respond when choosing between reward packages.

Practical Implications

The findings provide guidelines to multinational companies on how to better utilize their reward policies to respond to the reward preferences of employees from the countries in which they are operating. By better understanding the relationship between cultural orientation and reward preference – as well as how people respond while reward elements are offered in combinations – companies will be able to respond more appropriately to employee preferences by aligning reward elements toward these. This would lead to greater attraction, increased motivation and stronger retention of the workforce.

The company can assess the cultural orientations of an employee and from this point, adjust their other reward related policies towards that individual. The findings can be applied at different levels of analysis. For example, when a workforce is considered to be culturally homogeneous, a part of the workforce can be assessed and based upon this, the company reward policies can be adjusted. However, it is not advised that organisations adjust their reward policies based upon Hofstede's national indices. It is likely that the cultural orientation of a given workforce differs to that of a nation due to potential within-country variation, together with the indication that Hofstede's cultural value scores are outdated.

In addition, the findings of the study should not be limited to multinational organisations. As this study measured cultural orientation at an individual level of analysis, the current findings could also be applied by local organisations operating within multicultural environments. The current findings can stimulate local organisations to examine the cultural

orientations of their workforce and adjust their human resource policies towards the individual needs of their employees.

Lastly, it is likely that cultural orientations are related to many more behaviours and attitudes. By having a better understanding of cultural orientations and their relationship with other constructs, organisations can leverage information on cultural orientations to inform a wide range of human resource related policies. The current study provides new stimulus for doing this.

Conclusion

The aim of the present study was to investigate the relationship between cultural orientation and the preference for specific reward elements. The findings indicated that certain significant relationships exist between cultural orientations and reward preferences, in two culturally diverse countries. It was found that collectivistic oriented individuals had a stronger preference for group-oriented rewards. Uncertainty oriented individuals showed a greater preference for job security and base pay. Finally, long-term oriented individuals prefered retirement and pension benefits as well as job security more. The study partly indicated that feminine oriented individuals have a stronger preference for flexibility and work and life balance. Additionally, most of the reward elements were positively related to long-term orientation and uncertainty avoidance.

Using conjoint analysis, the study further distinguished between reward elements by ordering their relative importance. It was found that in terms of long-term orientation and uncertainty avoidance, reward could be distinguished into four groups of importance: future-oriented financial rewards, direct financial rewards, indirect financial reward and non-financial rewards. Furthermore, some relationships between cultural orientations and reward preferences were not reflected by the trends observed in the conjoint analysis.

The findings should alert companies to the idea that the preference for reward packages cannot be understood through simple linear relationships. Instead, one needs to consider which specific elements are being combined in a remuneration package. With the findings of the current study in mind, companies would be able to adjust their remuneration strategies toward the country of operation, and – in return – benefit from attracting, motivating and retaining an

optimal international workforce.

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Appendix A

Cover Letter Survey

Dear respondent,

You are invited to participate in a Masters research study at the University of Cape Town under the supervision of Associate Professor Anton Schlechter. The focus of the research is to investigate the relationship between individual cultural values and the preferences of employees for specific financial and non-financial reward elements. This study will be conducted in South Africa and the Netherlands.

This research has been approved by the Commerce Faculty Ethics in Research Committee at the University of Cape Town. Your participation in this research is voluntary. The questionnaire will take approximately 15 minutes to complete and participants will remain completely anonymous.

By participating, you will be eligible to enter a lucky draw and stand chance of winning a prize. In line with the international orientation of this study, participants living in South Africa stand chance to win a original wheel of Gouda cheese, while participants living in the Netherlands stand to win a handmade wooden giraffe. To participate in the lucky draw, you need to enter your e-mail address at the end of the questionnaire. Your e-mail address will in no be way linked back to your responses in the questionnaire to ensure the anonymity of respondents.

I would be grateful if you could distribute the attached questionnaire to your colleagues, friends and/or family. If you are interested in a summarized copy of the research findings, please indicate this by return e-mail and I will provide a report for you once the study has been concluded.

If you have any questions regarding the research, please contact the researcher Jeff van Eijk at vjkjef001@myuct.ac.za or the supervisor Prof. Schlechter at anton.schlechter@uct.ac.za.

Thank you in advance for participating, it is much appreciated.

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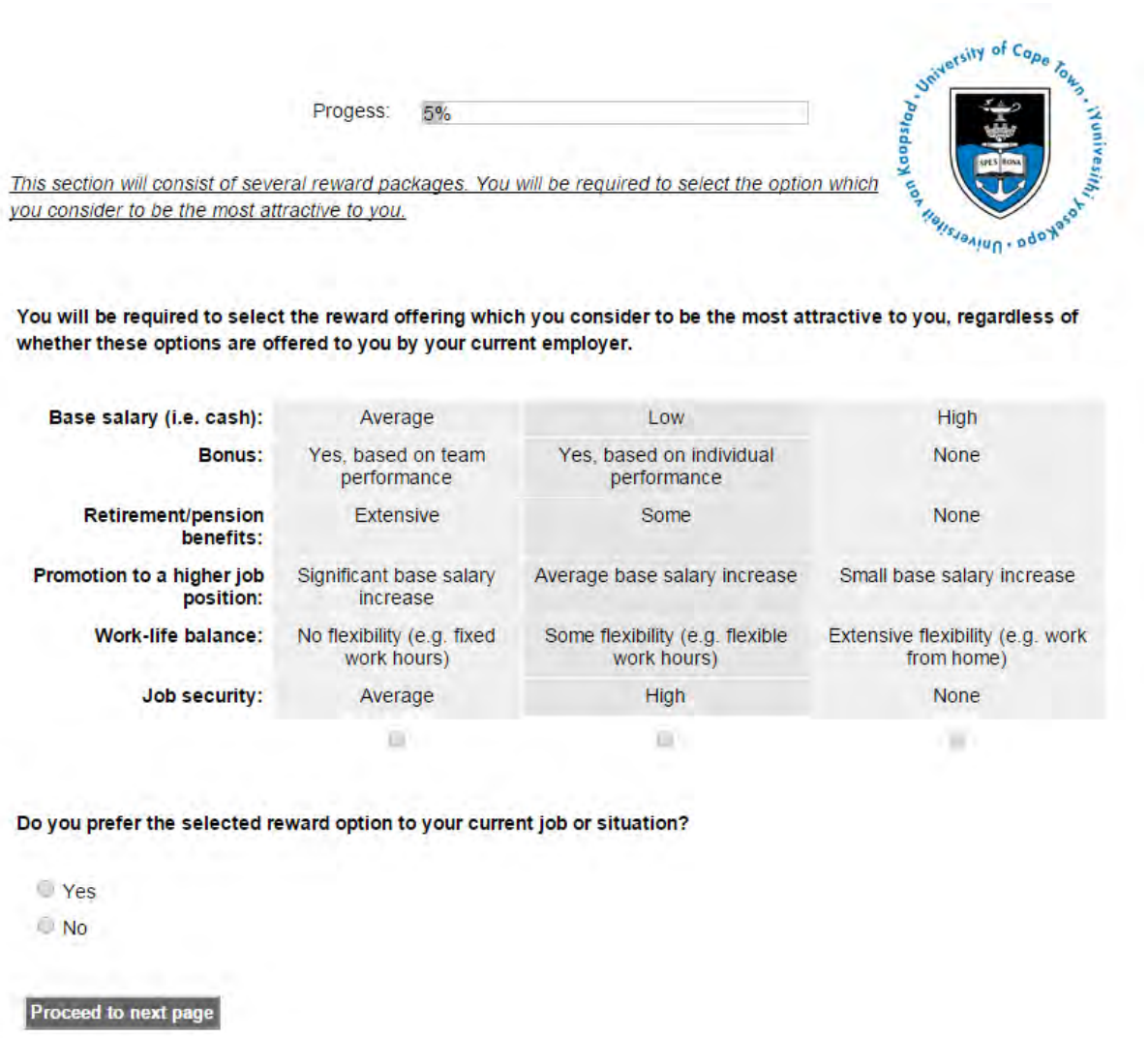
Appendix B

First page of Reward Preferences Questionnaire using Conjoint Analysis



Progess: 5%

This section will consist of several reward packages. You will be required to select the option which you consider to be the most attractive to you.

You will be required to select the reward offering which you consider to be the most attractive to you, regardless of whether these options are offered to you by your current employer.

Base salary (i.e. cash):	Average	Low	High
Bonus:	Yes, based on team performance	Yes, based on individual performance	None
Retirement/pension benefits:	Extensive	Some	None
Promotion to a higher job position:	Significant base salary increase	Average base salary increase	Small base salary increase
Work-life balance:	No flexibility (e.g. fixed work hours)	Some flexibility (e.g. flexible work hours)	Extensive flexibility (e.g. work from home)
Job security:	Average	High	None

Do you prefer the selected reward option to your current job or situation?

- Yes
- No

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Appendix C

First page of Cultural Orientation Questionnaire using Likert-type Response Scales

Progess: 24%

In the following items, please indicate the extent to which you agree or disagree with each statement.

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
People in higher positions should make most decisions without consulting people in lower positions	○	○	○	○	○
People in higher positions should not ask the opinions of people in lower positions too frequently	○	○	○	○	○
People in higher positions should avoid social interaction with people in lower positions	○	○	○	○	○
People in lower positions should not disagree with decisions by people in higher positions	○	○	○	○	○
People in higher positions should not delegate important tasks to people in lower positions	○	○	○	○	○
It is important to have instructions spelled out in detail so that I always know what I'm expected to do	○	○	○	○	○
It is important to closely follow instructions and procedures	○	○	○	○	○
Rules and regulations are important because they inform me of what is expected of me	○	○	○	○	○
Standardized work procedures are helpful	○	○	○	○	○
Instructions for operations are important	○	○	○	○	○

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Appendix D

First page of Reward Preferences Questionnaire using Likert-type Response Scales

Progess: 57%

Consider each statement and indicate how important each reward element is to you.

	Not at all important	Not important	Neutral	Important	Very important
The amount of base salary your employer provides	○	○	○	○	○
Your employer's provision of incentive bonuses	○	○	○	○	○
The degree to which employers determine bonuses based upon individual performance	○	○	○	○	○
The degree to which employers determine bonuses based upon group performance	○	○	○	○	○
Your employer's provision of retirement/pension benefits	○	○	○	○	○
The degree to which base salary increases as a result of a promotion to a higher job position	○	○	○	○	○
The degree to which employers reward senior position i.e. a large gap in salary between higher and lower paid employees	○	○	○	○	○
Your employer's provision of flexibility between work and private life	○	○	○	○	○
The degree to which the employer offers job security	○	○	○	○	○

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