ISCTE Business School
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SALES INCENTIVES

- THE ROLE OF CULTURE -

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- Spine -

Resumo

A globalização é hoje comum nas nossas vidas. O facto de o Mundo estar a ficar cada vez mais "pequeno", impõe constantemente novos desafios às empresas.

Os fornecedores são, hoje em dia, globais. Este facto, por si só, gera novos modelos globais na aquisição de bens por parte das empresas, o que necessariamente exige novos modelos de venda por parte dos fornecedores, que por sua vez conduzirá, inevitavelmente, a novas formas de compensar as forças de vendas.

Porque razão pagam as empresas incentivos às forças de vendas? A resposta a esta pergunta poderá ser óbvia. A mais comum das respostas é que desta forma se consegue motivar a força de vendas a perseguir os objectivos definidos pela empresa. O que não será tão óbvio assim, é o papel que a cultura do país desempenha quando é implementado um "Plano de Incentivos às Vendas".

Vários estudos têm sido realizados sobre os diferentes métodos de compensar um(a) empregado(a) pelo trabalho que ele/ela realiza para a empresa. No entanto, apenas alguns desses estudos se concentram na importância que a cultura do país tem, ao implementar um plano de compensação. São ainda menos os estudos que analisam a importância da cultura ao conceber um "Plano de Incentivos às Vendas".

Esta questão torna-se particularmente relevante no caso das empresas multi-nacionais, onde o cenário mais frequente é um plano de incentivos comum a toda a organização, com origem no país em que se situa a sede da empresa (Cichelli, 2007). Este plano, é depois implementado em todos os países onde a empresa opera, independentemente da cultura de cada um desses países.

A força de vendas, sendo a face da empresa, necessita de diferentes métodos de incentivos. Neste documento, será feita uma análise com o objectivo de identificar a importância que a cultura tem ao conceber métodos de incentivos às vendas.

Palavras chave: Vendas, Incentivos, Salários, Cultura, Gestão Internacional

Classificação JEL: M16, M52

Abstract

Globalization had become a common word in our daily lives. As the world becomes "smaller", new challenges are constantly presented to companies.

Suppliers are nowadays, global. This fact, *per si*, generates new global buying models from customers, which inevitably demand new selling models, which in turn require new sales incentives models.

Why do companies pay incentives to salespeople? The answer to this question may be obvious. The most common answer is to keep the sales force motivated in pursuing the company objectives. However, what may not be that obvious is the deployment of "Sales Incentive Plans" (SIP) considering the national culture of the salespeople.

Several studies have been conducted about the different methods of compensate an employee for the work that he/she provides to an organization. However, just a few of the studies concentrate in the importance of national culture when designing a compensation plan. Actually, even less of those studies concentrate their efforts in analyzing the importance of the national culture when implementing a "Sales Incentive Plan". This issue becomes particularly relevant in the case of multinationals, where the most frequent scenario is a common incentive plan that is originated in the company headquarters (Cichelli, 2007) and then deployed all over the world, without considering the national preferences and values of each individual country.

Salespeople, as the face of the company, require different incentive methods. In this document, an analysis will be made in order to identify the role that culture plays when designing incentives for the sales force.

Keywords: Sales, Incentives, Compensation, Culture, International Management

JEL Classification: M16, M52

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Glossary

3G	Third generation of telecommunication hardware standards and general technology for mobile networking
CxO	Chief "x" Officer. Frequently "x" is: (E)xecutive, (M)arketing, (F)inancial, (T)echnology, (O)perations, (I)nformation
EMEA	Europe, Middle-East and Africa
GSM	Global System for Mobile communications
ICT	Information and Communications Technology
IDV	Individualism Index
KSO	Key Selling Objective
LTO	Long Term Orientation
MAS	Masculinity Index
MNE	Multinational enterprise
OTE	On target earnings
PDI	Power Distance Index
PIV	Plano de Incentivos às Vendas
SFA	Sales Force Automation
SIP	Sales Incentive Plan
SSCI	Social Sciences Citation Index
UAI	Uncertainty Avoidance Index
WVS	World Values Survey

1. Introduction and methodology

Several different options are available when researching any subject. In the field of social sciences the methods most commonly used fall in two main categories: qualitative and quantitative.

For the purpose of this study, both methods will be utilized as the importance of the two is relevant to accomplish the objectives of this project.

The methodology used includes an analysis based on a descriptive investigation of the literature and studies available today. This review includes a focus on three main subjects:

- The methods utilized to compensate the sales force
- The cultural differences amongst the different regions of the globe
- The importance of culture in motivating the sales force

As the aim of this project is to find and intersection between culture and sales force compensation, based on previous studies and literature, several hypotheses will then be evaluated. To assess and explore those hypotheses, a world wide online survey was carried out and a statistical analysis of the results was then compared with the initial assumptions.

As a reference model to compare the different cultures around the world, the Hofstede (1997) cultural dimensions were used. The reasoning behind using this study is due to its complete data, and the purpose of the study it self. Although there are different studies that measure dimensions of culture (Trompenaars, 1998; Gestland, 1999; The World Data Survey, 2009 and the GLOBE Project, 2009), for the purpose of investigating the different perceptions on compensation systems, the Hofstede dimensions of culture seem to be appropriated (Robalo, 2004). In addition, the Hofstede study is still today one of the most complete studies in the world in what respects to cultural differences around the globe. However, the fifth dimension of Hofstede, “Long Term Orientation” (LTO), will not be used due to the limited amount of country values present in his study.

Based on the existing literature and the results of the on-line survey, a conclusion will be made, as well as recommendations about the best process to motivate sales professionals, considering their national culture and values.

As it will be described, Chapter 2 will focus on the existing literature about sales compensation, culture and the combination of both. The main purpose of this chapter is to identify what studies have been conducted in the past and that may require an additional analysis.

In Chapter 3, several hypotheses will be considered having in mind the previous review of the existing literature. These hypotheses will focus the importance of culture in the design of incentive plans for the sales force.

Chapter 4, will be dedicated to the analysis of the data obtained from the on line survey. This data will then be compared against the hypotheses previously considered.

Based on the existing literature and the data acquired in the survey, a conclusion and further recommendations will be made in Chapter 5.

Identified study limitation and potential future research will be part of Chapter 6.

Nevertheless, despite the study limitations, it will be observed the inherent importance of culture in any multinational sales organization (Sparrow, Schuler and Jackson, 1994).

2. Literature Review

2.1. Sales force compensation

2.1.1. The Sales Incentive Plan

Salary is a way of compensate an employee in exchange of his/her labour for a company. In the particular case of a salesperson, it is common that the salary is not fixed, but variable according to the attainment of the company objectives. In fact, despite several possible incentives that can be given to any salesperson, it is known that the strongest motivator is monetary compensation, followed by job promotions (Ford *et al*, 1985; Coughlan and Narasimhan, 2001), having in mind that the later also creates an expectation of future salary increases. Therefore, the risk of the business in a fixed plus variable salary method is shared by the firm and the employee (Coughlan and Narasimhan, 2001).

The amount of risk that will be handled to employee differs from company to company, and it is heavily dependent on the organization culture, the markets where it operates, company size, amongst many other possible variables. Nevertheless, the right balance of variable against fixed pay must be found in order to avoid additional costs for the company, in the case that is paying more than the salesperson effort, and conversely, to avoid apathy of the individual in pursuing the company objectives, if these are in fact unattainable. Consequently, it becomes important to establish a well designed sales incentive plan from the beginning. Kaplan and Henderson (2005) argue that "*it may be harder to learn how to evaluate and reward people than to learn how to do the work it self*". Evidence shows that the incentive plan is the most critical factor to motivate and drive the sales force success. Their success, or failure, is heavily dependent on how well was the incentive plan designed.

Right from the beginning it becomes important to align the sales incentive plan with the company objectives and strategy. Plans that were incorrectly designed and are currently in place, become very hard to change (Kaplan and Henderson, 2005). The main difficulties of changing an existing plan arise from the fact that, one way or another, some people will inevitably be harmed with the new plan, even if it is better in general (Baker *et al*, 2004; Murphy *et al*, 2004).

The rules of the plan should not be changed during the period for which it was designed. Such an action will create a feeling of disbelieve in the plan and discourage the sales force. Nevertheless, designing a good sales compensation plan does not mean that the plan must be static. It is accepted that is normally impossible to set the right objectives at the beginning (Baker *et al*, 2004; Gibbs, 1990). In fact, plans must be dynamic as the company strategy is, in order to answer the market needs, and as we will see further on, a constant evaluation of it is needed on a regular basis (Futrell, 2008).

A well designed sales incentive plan will also dictate the attractiveness of the firm in the industry (Futrell, 2008). The better the incentive plan, the easier it will be for the company to attract the best professionals in the industry where it operates, while retaining their superior sales professionals. Although creativity should be used when designing the plan, it is important to note that the plan should incorporate some base rules that comply with the industry average. Otherwise, it may be daunting in attracting the best sales professionals in the market.

If the plan is poorly designed, the best sales people will eventually leave the company attracted by the competitors, so it becomes crucial to retain good sales professionals and that enhances the importance of having an attractive plan in place. Even if the company can hire good sales professionals it will become just a matter of time for them to leave, if the incentive plan is not attractive. In this scenario, the salesperson will leave the company with "inside information" which, although restricted by non-disclosure agreements, will always be of a great value for the individual and eventually for the firm's competitors. While in the company, the salesperson becomes aware of the strengths and weaknesses of the firm and that is something that any corporation would like to keep confidential.

The main rule in any incentive plan for the sales force, is that the plan must be aligned with the company strategy and should dynamically follow it, while maintaining its base rules. From the salesperson perspective it is important that the plan is achievable, objective and with assumptions that are under his/her control (*in* Coughlan and Narasimhan, 2001; Baker *et al*, 2004).

It is important that the salesperson perceives a relation between the sales efforts and the rewards of the compensation system (Coughlan and Narasimhan, 2001). Otherwise, a sense of mistrust will take place and the motivation factor of the reward will have no effect, or even worst, a state of indifference will start to appear within the sales force. Sales people

become more affected by this, if the incentives are based on measures that are subjective to interpretation (Kaplan and Henderson, 2005) and out of their own control (Baker *et al*, 2004). However, having a total control of the plan may not always be ease to achieve. A good example of the difficulties that this task involves can be seen in multinational firms. It is usual that a North American firm defines its financial targets in U.S. Dollars and communicate those targets to their European subsidiaries in the same currency. The subsidiaries in their turn will sell in EURO, although they have a defined target in U.S. Dollars. So the exchange rate could benefit, or have a significant negative impact on the salesperson performance, as it is dependent on an external factor that is not under his/her control. Some may argue that in this case the financial target should be defined in the local currency, but that imposes new challenges for the company to define their global targets.

In fact, the perception that the sales people have about the compensation plan is a critical factor of the plan's success (Bloom, 2004). Although it is difficult to predict the impact that the plan will have on the salesperson (Darmon, 2000), it is important to note that people with different cultures will have different perceptions, and thus, the plan may not be deployed equally around the world (Mahajan and Benson, 2005; Dowling *et al,* 2007).

A well designed compensation plan can enhance profits in normal times, and cut losses during a recession (Futrell, 2008). The plan should be tested against previous and forecasted sales, for normal, boom and recession periods. It is hard to predict and forecast how the company will perform so, the sales incentive plan must adapt to changes in the product lines, changes in acquiring new markets, and mainly, it must adapt to changes in the company overall strategy. The better the test, the better the plan will serve the company objectives.

If the plan allows it, salespeople will take advantage of the poor design of the plan. A plan that concentrates the efforts of the sales force in short achievements only, will induce the salesperson to focus on short term goals and leave for a second place any long term objectives that the firm may have, and possibly engage in behaviors that do not remain within the acceptable practices (Murphy, 2004).

The better the plan is, the more creative the salesperson will be. Slater (1980) refers that *"getting people to chase money, produces nothing but people chasing money"*. It must be kept in mind that the best sales people, tend to work for them selves and not for the firm. They see themselves as an individual company, where the work for another company is just a

mean to achieve an objective. Evidence shows that, individual pay for performance may result in unexpected outcomes due to the creativity of the human being (Gomez-Mejia and Balkin, 1992).

A good example of such scenario can be seen in companies that are listed in the stock market and have to report quarterly their results. What can be observed is that some of those companies will create quarter incentives to grab new orders from customers. Such incentives, will lead sales people to focus on the quarter achievements despite any long term goals previously stated by the company. So, *"making the numbers becomes the real driver"* (*in* Murphy, 2004). As the quarter becomes more important than any long term goals, sales people may pull sales from other periods, accept questionable credit risks, push additional stock onto the distribution channels while setting aside other responsibilities (*in* Murphy, 2004). As it will be observed, such plans may enhance the short term results of the firm, while jeopardizing any long term goals that the company may have (Piercy *et al*, 2004; Coughlan and Narasimhan, 2001).

It is known that higher incentive pay, encourages sales people to pursue short-term opportunities (Piercy *et al*, 2004), so it is important that a co-existence of short and long term incentives is present in the plan.

Lastly, it becomes of a major importance to constantly review the "Sales Incentive Plan" and clearly communicate it to the sales force.

The market changes and so does the firm's strategy, hence, it becomes vital to adapt the plan to new realities and dynamically change it in accordance with the corporation strategy.

If the objectives were not met, it must analyzed how that can be related to the existing incentive plan. Even if the objectives are being achieved, the plan should be evaluated regularly as there are different factors (mergers and acquisitions, organizational changes, entering new markets, industry changes, to name a few) that can lead a firm to reorganize its current incentive plan (Futrell, 2008). It is a critical success factor to constantly evaluate the plan. Comparisons should be made against the industry, against the competitors and feedback should be taken from the sales force to evaluate whether the plan is working, or not, as an incentive for them to pursue the company objectives.

2.1.2. Types of incentives

As previously illustrated, it is known that the strongest motivator for the sales force is monetary compensation, followed by job promotions (Ford *et al*, 1985), having in mind that the later also creates an expectation of future salary increases. Nevertheless, sales compensation comprises a lot more than just money (Futrell, 2008). Firms are allowed to compensate in different ways other than the monetary compensation. Such methods may include the use of stock options, company stocks, health and life insurances, full time usage of the company car, pension plans, trip rewards and additional holidays. The following table illustrates some of the most common methods utilized to compensate sales people.

	Monetary	**Non-monetary** [2]
Fixed	• Fixed salary	• Full usage of the company car • Health insurance • Life insurance • Full usage of mobile phone • Full usage of company PC • Pension plans • Extended holidays • Additional family care • Tuition grants • Flexible schedules [3]
Variable	• Straight commission • Variable commission • Advance against commission • Base plus commission • Salary and bonus • Residual commission • Team based bonus • Profits sharing	• Stock options • Company Shares • Stock Purchase Plans • Training • Trip rewards • Job Promotions [4]

Source: author's conception

Table 1 - Types of incentives [1]

(1) Corporations may use other types of incentives not listed in this table (for instances: house and car allowances), however, for the purpose of this study, a focus will be made on the most relevant incentives as listed in the table above.

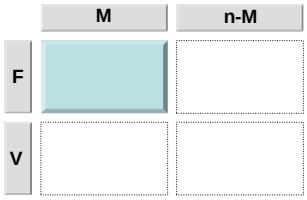
(2) Eventually, all incentives can be evaluated in monetary terms. In fact, that is a good practice of a company when hiring new sales people, so the salesperson can calculate the total compensation package (Futrell, 2008; Murphy *et all*, 2004).

(3) In order to allow the salesperson to effectively perform his/her tasks, flexible schedules are mandatory, and as such, it will not be considered as an incentive.

(4) As previous shown, job promotions although are non-monetary forms of compensation, lead in general to salary increases, or at least, create that expectation.

The type of incentives also dictates the type of sales people that the company will attract (Gibbs, 1990). Offering family care incentives may attract a senior salesperson, while having a fixed salary may be more suitable for a salesperson that is starting his/her career. Offering a tuition grant may not be attractive for senior sales people, as it is for junior sales representatives. Nevertheless, as it will be observed, it is frequent that the total compensation package includes a combination of all, or some, of the four types of incentives shown in the previous table.

Monetary-Fixed Incentives



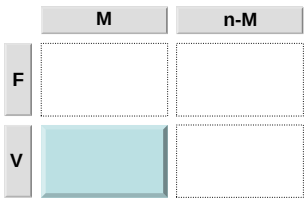
A fixed salary is nowadays less common in sales compensation plans, as there is a trend towards a greater proportion of incentive pay in the total compensation plan (Misra *et al*, 2005; Joseph and Thevaranjan, 1998). However, this method may be applied for new hires, as well as for junior sales representatives (Sujan *et al*, 1988) as it reduces the risk for both the company and the employee. It may also be of a great value in firms where there are a significant amount of tasks performed by the sales force, which are not directly related with an immediate sale. It could also be suitable when there are long periods of training of the salesperson, which will then enter in a commission based plan, or when hiring junior sales in the beginning of their adaptation to the company (Futrell, 2008). Other authors argue that a fixed salary could also be applicable when the sales results are coming mainly from the company efforts (advertising and/or product quality) rather than the sales person efforts (*in* Segalla *et al*, 2006)

Despite the obvious advantages of the method, as it is more predictable for the company to calculate sales costs, easier to administer and allows the company to direct the sales force efforts in directions that will not return immediate sales, there are several disadvantages in using a fixed salary as a incentive for the sales force. One of the major disadvantages is that sales people may tend to sell what is easier to sell, instead of selling what is in the company objectives (Futrell, 2008). As the only reward that a salesperson will eventually get is a salary increase, and if the objectives are met, that may not be perceived as a reward for a good performance. It is also important to notice that, as salaries are in general kept confidential, it becomes impossible for the salesperson to compare his/her self with their peers, in order to perceive how good, or bad, was his/her performance.

Furthermore, as it was seen before, a good plan can help companies to reduce costs while in a recession period. Having a pre-defined plan based on fixed salaries will prevent the firms from cost containing the overall sales force compensation during cost restriction periods.

Monetary-Variable Incentives

Despite all the shapes that it could take, it is known that commissions on a top of a base salary are the most common incentive in what concerns monetary variable incentives (Coughlan and Narasimhan, 2001).



These commissions can be set in many different ways depending on several different factors, such as the market where the company operates, its maturity, its competitors, the company culture and traditions, the salesperson profile, among many other possible factors that can be taken into consideration when designing a commissions based plan.

Organizations and individuals are constantly finding new ways of setting up the commissions based plans as long as it benefits both parties. Among the most commonly used are:

a) *Straight commission*: The salesperson receives a percentage of the sales and nothing else. It may be the option that comprises more risk for the employee (commonly seen as an agent), but also the one that is more under his/her control.

b) *Variable commission*: Similar to the straight commission plan, it may include key selling objectives (KSO) that could grant additional compensation to the

employee. Among others, KSOs could include the acquisition of new accounts or selling a specific line of products.

c) *Advance against commission:* This method is in fact a variation of the two previous methods, although it differs in the fact that the employee may receive some payment ahead, before the close of the sale. It is useful when the sales cycle is very long and the salesperson cannot afford to wait (some times years) for the commission of the sale.

d) *Base plus commission:* As seen before, this is nowadays the most common method of compensating the sales force (Coughlan and Narasimhan, 2001). The organization pays the employee a base salary, so he/she can have a ground to face his/her monthly expenses, and then on the top of that, it also offers him/her a percentage of the sales (which could take any of the forms previously listed).

e) *Salary and bonus:* Bonus is a one-time payment that is not necessarily linked to volume (or margin) of sales. It may be linked, for instances, to the company overall performance and it can be paid only once a year (frequently at the end of the company fiscal year).

f) *Residual commission:* Although less common, these commissions are sometimes used in some specific markets (some examples can be observed in the insurances and in the real estate sectors). In this case the employee will continue to receive commissions for a certain period even if he/she leaves the company.

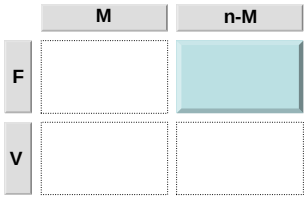
g) *Team based bonus:* It is applicable when there are team targets to be accomplished, or in some management positions. In this particular case of compensation, the end result is not totally under the salesperson control, as it depends on others to achieve his/her target. Nevertheless, is very frequent its usage in complex sales where it requires several different persons to close the sale.

h) *Profits sharing:* In the past, these incentives were mostly given to high level executives. Nowadays, it can be observed that is frequent to have them at different levels of the organization, however, with different rates of sharing. There are strong evidences that profits sharing can in fact increase the productivity rates of a company (Baker *et al*, 2004)

Commissions can be paid as a percentage of volume, of margin (or a combination of both) or any another model agreed between the company and the employee. Nevertheless, and having in mind that for any company, gross profits are more important than sales volumes, incentives based on profitability rather than sales volume are ideal, as they represent the ultimate goal of any company – profitability (Joseph and Thevaranjan, 1998).

It is also frequent that commissions are only paid after a certain achievement of the target (70% for instances). However, as we will see further on in this document (see *Example – p. 15*), since the payment of these incentives is in general defined against a target, it becomes crucial to properly set that target and clearly state the total compensation plan, in order to meet the expectations of both the employee and the organization.

Non monetary-Fixed Incentives



These types of incentives, also known as fringe benefits, are in many cases somehow related with taxes avoidance (Futrell, 2008). Taxes differ from country to country and thus, that can make these incentives more or less attractive for a salesperson depending on the country where it resides. Countries where the law taxes the use of company car, may feel reluctant in making such an offer to attract sales representatives. On the other hand, countries where the pension plan is not taxed, will allow the firm to make a competitive offer in order to attract the best sales professionals in the market.

As mentioned before, the sales incentive plan in place will dictate the type of sales professionals that a company will attract. Tuition fees, as non-monetary fixed incentives, can be highly valued by younger sales professionals that are starting their careers (Gibbs, 1990). Oppositely, a plan that includes life and health insurances will be more valued by senior sales professionals due to their concerns about family protection.

Company car is in general a welcomed incentive in countries where it is linked to a perception of social status and there are no taxes charged against the use of the company car. It is usual that in addition to the company car, the corporation also pays all the expenses related with the usage of the car (insurance, maintenance and eventually fuel).

As in any other form of incentives, so does these have their advantages and disadvantages. The disadvantages are comparable to the monetary-fixed incentives and mainly related to the fact that they are fixed and represent a constant cost for the company

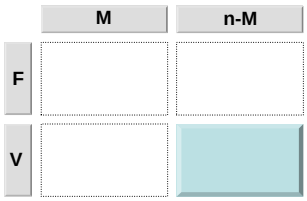
regardless of its performance. However, in what respects to advantages of these incentives, taxes play a key role. Taxes may turn these incentives more or less attractive for the sales professional (Bloom and Milkovich, 1997) depending on the country law.

As previously stated, these types of incentives are in many cases, non taxable or they are taxed at a lower percentage than salaries, so it becomes an advantage, both for the company and the employee, to include these incentives in the total compensation package. Despite these advantages, some studies reveal that individuals are willing to substitute non monetary for monetary rewards (Baker *et al*, 2004).

As it was observed, non-monetary fixed incentives can and should be part of the total compensation package. However, despite the fact that they do not represent immediate cash, they should be valued when recruiting sales professionals (Futrell, 2008). Actually, the sales manager should calculate the value of each fringe benefit that the company is offering, and clearly state it when doing an offer to a new sales representative. On the other side, the salesperson should have these incentives in mind when comparing the offer with other possible job offerings that he/she may have. This same principle should be applied to the next type of incentives.

Non monetary-Variable Incentives

These incentives may in some cases also be linked to taxes avoidance. Although not permitted in some countries, some of them may become very attractive in other countries.



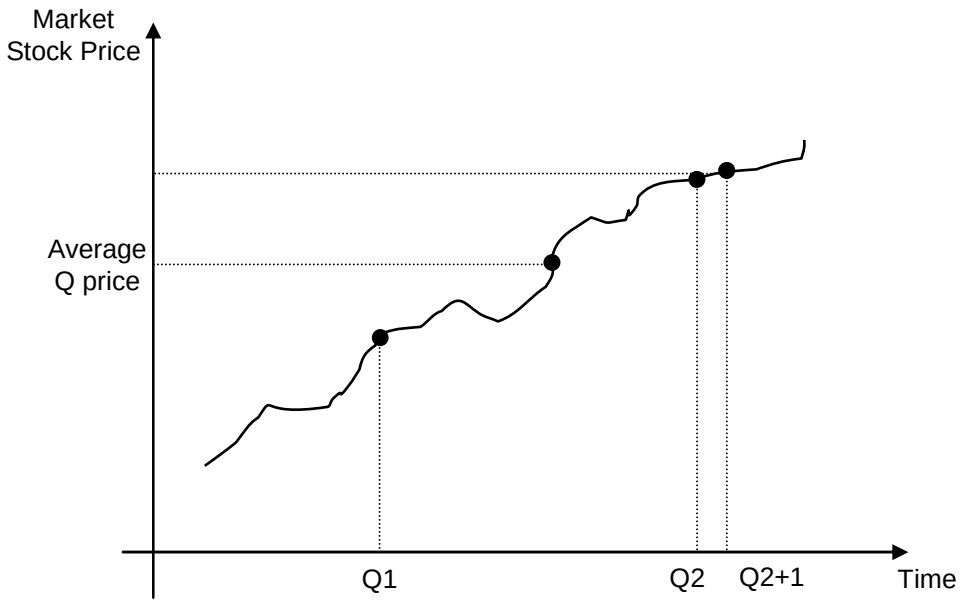
Stock options will grant the owner the right, but not the obligation, of buying company shares at a predefined value during a certain period of time. Actually, these incentives comprise no risk for the employee and may have a profitable return, if the company shares rise to a value higher than that that the options were granted.

If 1000 stock options were granted to an employee at a value of 10€ during a period of 4 years with an exercise option of 25% a year, it means that after the first year the employee is entitled to acquire 250 shares of the company at a value of 10€ each. Obviously, if the market share price after the first year is 20€, this will give the employee an additional bonus of 2.500 € (250*(20-10)).

Stock options are becoming more frequently used nowadays in order to hold the best professionals in the company. Although in the past these incentives were commonly used at the CxO level, they are today commonly used across all levels in the organization.

Company shares are another form of compensating an employee and link that compensation to the firm's performance. Unlike the stock options, company shares grant an immediate value to the employee as they can be instantly converted into cash, if the program allows it. As in the previous case, there is no risk for the employee as the shares are given without costs.

In addition to stock options and offered company shares, firms may also offer internal programs to acquire company shares at a lower price than the market. In these programs, the employee discounts a percentage of his/her salary (typical values are between 1% and 10%) during a quarter, and at the end of the quarter he/she is obliged to acquire company shares with a discount on the average share price of the quarter (typical discount value is 15%).



Source: author's conception

Figure 1 - Stock Purchase Plan

Q1: Start discounting on monthly salary

Q2: Buy company stocks at average quarter stock price less 15%

Q2+1: Accumulate or sell

This incentive could represent a significant amount of money each quarter, depending on the increase of the share price during the quarter and the amount of the salary that the employee discounts every month.

Unlike stock options and offered shares, this program involves a certain degree of risk for the employee, particularly if there is a serious declining of the share value during a quarter. In this later case, the employee may in fact lose money and the incentive will have a negative effect.

However, the usage of these three types of incentives will differ from country to country due to the local laws (Bloom and Milkovich, 1997), particularly taxes, and thus it may become more attractive in some countries.

In what refers to non-monetary incentives, training may also represent a great value in the total compensation plan, particularly for the junior sales representatives. Sales people that are in the beginning of their careers will benefit the most from this offer, as they are also building their careers in the market. Training may also represent a long term commitment to the company (Gibbs, 1990) as some firms require that the employee stays in the company for a certain period after the training.

Another option that is frequently observed in some organizations is the usage of trip rewards if a certain objective is met. These bonuses are normally linked to exotic holidays destinations and can be offered to the salesperson as well as extended, in some cases, to his/her family.

Job promotions, as the second most important incentive to compensate an employee (Ford *et al*, 1985; Coughlan and Narasimhan, 2001), becomes an objective that any salesperson keeps in mind. However, it is important to notice that there is an expectation in the salesperson that a job promotion will bring additional salary increases, so it seems that there is a strong relation between both incentives. Some authors refer that largest salary increases have their roots in previous job promotions (Gibbs, 1990).

Promotions may take forms other than moving up in the hierarchical organization. A new department can be given to a sales manager; an important account for the company can be given to an account manager as well as a new territory to explore, and all of these can be seen as promotions.

Asides from being a recognition that the salesperson is performing according or above the expectations, promotions also encompass an increase in status or prestige for the salesperson, despite the fact that his/her position may remain the same in the hierarchical organization.

However, unlike other incentives, promotions are seen as mid to long term incentives, so it may require a long term view from the salesperson perspective, despite any short term successes that he/she may had achieved.

Promotions bring an additional risk for the company. As soon as the employee becomes promoted it is very difficult, or even impossible, to demote him/her if he/she is not performing well. So a promotion should be very well considered before it is given to any employee. The costs of mistakes in job promotions are higher than other forms of rewards.

Another important concern about promotions is that there must be space in the organization to apply these incentives on a regular basis (Baker *et al*, 2004). While in very hierarchical organizations these incentives could generate some motivation in the sales force, that is not the case in flat organizations. Therefore, promotions are a more effective incentive when the company is growing, and may be less attractive when the company experiences a declining in growth (Gibbs, 1990). Additionally, the more the salesperson climbs the hierarchical ladder, the less attractive these incentives are, as the hierarchical pyramid becomes narrower and the probability of being promoted, in general decreases, after a recent promotion (Baker *et al*, 2004).

Important to notice, is that there are jobs that are not "promotable" (i.e. top executives such as the CEO), consequently other forms of incentives must be utilized in these cases.

2.1.3. Example

It is widely accepted that the most appropriate method to compensate a salesperson is the one that relies in a combination of the several types of incentives available. In fact there is a trend towards including a great variety in the total compensation package (Gibbs, 1990).

In order to illustrate how a total compensation plan can be implemented in the particular case of a salesperson, the following table depicts a model currently in place in a North American company that operates globally in the information and communications technology (ICT) industry.

	Monetary	Non-monetary
Fixed	• Fixed salary: 60% of OTE – paid monthly	• Full usage of the company car • Health insurance • Life insurance • Full usage of mobile phone • Full usage of company PC
Variable	• Commissions: 40% of OTE (based on sales volume with a minimum target of margin). Paid quarterly. • Overachievements [(1)]: Achievement Accelerator 0%-100% 1 100,01%-200% 3 200,01%-250% 2,5 • KSOs Defined yearly on a case-by-case basis	• Stock options Defined on a case-by-case basis • Company Shares Defined on a case-by-case basis • Stock Purchase Plan 1% to 10% monthly discount plan. Buying price at the quarter stock average less 15% • Training Defined on a case-by-case basis • Trip rewards Travel to an exotic destination for the top 70 performers in the region (EMEA) and their wives/husbands (yearly)

Source: author's conception

Table 2 - Sales compensation - example

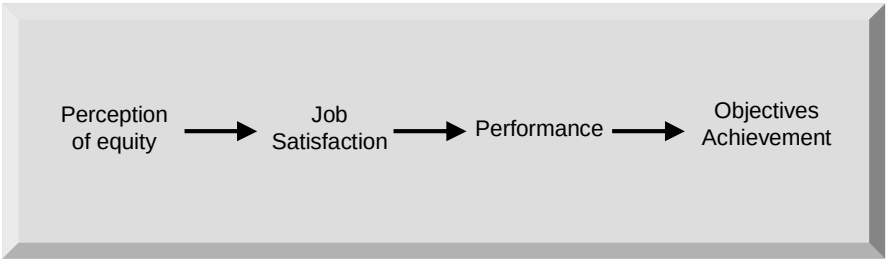
(1) If the salesperson achieves more than 250% of his/her initial objective no additional commissions will be paid.

2.1.4. Equity of the plan

Having a well designed plan is not enough to motivate any sales force, it is vital that the plan is fair and impartial.

As an example, lets assume that the SIP includes an additional compensation of 5.000 EURO if the sales representative sells a new line of products. If those products need to be localized (for instances due to the local country laws) and they are not for a specific country, it generates a sense of unfairness in the salesperson of that country. Also, a reward based on a global absolute value may discourage the sales force in smaller markets. For instances, assuming that a company sets a bonus reward in Europe for the first sales order above 1 Million EURO. In this scenario it will be very difficult for the smaller countries to compete for the bonus against the larger European economies such as Germany or the United Kingdom. This will lead to dissuade any salesperson in those countries to pursue such an objective. In the later case, it would be more acceptable to set the target for the reward as a percentage of the total country target (or as a percentage of any other value that is country related).

The agreement with the SIP plan creates a set of expectations in the sales representative, but a perception of partiality will eventually reduce those expectations and thus decrease the performance which in turn will have an impact in the company objectives. It is known that perception of equity and job satisfaction are linked (Darmon, 2000), as well as performance and objectives achievement. Therefore, it is relevant that the sales force perceives the plan as equitable, with the risk of compromising the company objectives.



Source: author's conception

Figure 2 - Relation between equity and objectives

As shown above, there is a link between incentives and performance, hence it becomes critical that performance appraisal is fair and accurate. Evidence shows that having a fair performance appraisal may not be enough, there must be also a perception of its fairness (Darmon, 2000). Thirty percent of the individuals believe that the performance evaluations are ineffective (*in* Baker *et al*, 2004) and that generates a sense of disbelieve in the performance appraisal system.

Several authors reveal that the incentive plan should be linked to performance and thus to the appraisal of such performance (Futrell, 2008 – Bloom, 2004). So in a win-win situation for both the company and the employee, and if the sales force performance is influenced by payment, some factors are important as seen in the design of the plan, and the salesperson must perceive the existing relation between performance, its appraisal, objectives and payment.

As observed before, defining the right target at the beginning of the plan may be very difficult to accomplish and there are evidences that it is impossible to totally accurate measure the performance (Gibbs, 1990) of some activities. If a sales representative closes a sale on a large account, one could argue that was the marketing effort, or the company brand that most contribute to that sale, and not the sales executive efforts. As a result, performance appraisal of sales activities may become very subjective, and consequently, should be analyzed carefully.

Compensations systems that comprise subjective measures will most likely fail, due to the lack of trust that exists in the evaluation method (*in* Baker *et al*, 2004). However, recent progresses have been made in this field with the usage of sales force automation (SFA) processes. These processes have allowed a better track of the results of sales activities (Joseph and Thevaranjan, 1998) and that will lead to more objective performance appraisal systems.

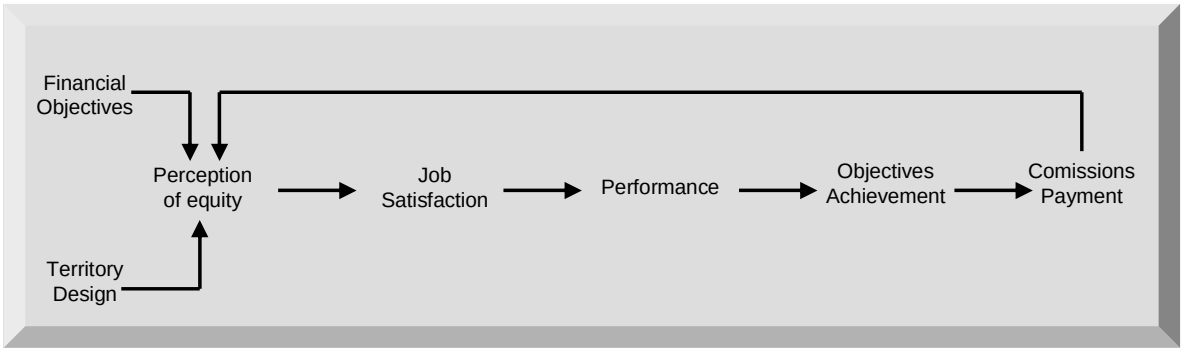
2.1.5. Territory design

As seen before, having a good and equitable sales incentive plan in place is vital for the success of the sales force and thus the objectives of the company. However, it must be used in conjunction with a correct territory design.

Piercy *et al* (2004), define territory design as "*the assignment of customers and prospects, products, geographical areas, and other territory dimensions to each salesperson*

in the sales unit". It seems evident that the assignment of the territory must be executed in combination with the definition of the financial objectives, because the same territory could lead to better or worst performance depending on the target for that same territory.

The influence of territory design (including financial objectives for the salesperson) on the perception of the plan equity is also relevant, as it determines the performance and success of the salesperson and therefore his/her payment. The complete cycle can be depicted as follows.



Source: author's conception

Figure 3 - The influence of territory design

One of the key aspects of territory design is that the sales territories must have a similar potential for equal sales targets (Futrell, 2008) and it must be possible for the salesperson to properly cover the territory that was assigned to him/her. Together with the definition of the financial targets, territory design is the factor that most influences the success of a salesperson. A large number of accounts could lead to an excess of work or improper coverage of those accounts. On the other hand, a reduced or poor set of accounts may turn the objectives impossible to achieve.

There are several different factors that must be taken into consideration when designing the salesperson territory, some examples include:

a) *The financial target for the territory:* Setting a quota for a territory must be done at the same time of the assignment of that territory. This will have a major influence on the salesperson performance.

b) *The company portfolio:* It must be taken into considerations if the company has a reduced or inadaptable portfolio when compared to their competitors in the particular territory.

c) *The company brand:* Being part of a sales force in a well recognized and established company is totally different than having the same territory in a startup company.

d) *The competitors:* The size of the competitor's sales force must be taken into consideration. Having one salesperson managing one account where the competitors have ten, may discourage the salesperson and potential lead to failure.

e) *The sales cycle*: Complex sales usually have a longer sales cycle, and this should be taken into account.

f) *Existing and new accounts:* Developing new accounts in opposition to "farming" and cross-selling in existing accounts requires a significant additional amount of work, that does not necessarily generates immediate sales. In large sales teams, a combination of both should be consider for the territory of each sales representative.

g) *Existing accounts financial situation:* The past successful sales to an existing account do not necessarily means similar results for the future. A detailed analysis of the current situation of the existing accounts may as well be necessary.

h) *Periods of economic recession or growth:* Asides from the economic situation of existing accounts, an overview of the economy in general should be considered for the design of the territory and the corresponding financial target.

i) *The territory maturity:* Different market stages require different approaches in designing a territory. Markets that are in expansion should be analyzed differently (as they may represent more opportunities) that those that are mature.

j) *Technological inflection points:* These are periods where there is a strong technology change, and as such, they may represent new opportunities for previously less profitable territories. A good example was observed when Europe changed from the existing GSM mobile communications network to the new 3G network.

k) *The salesperson seniority and experience:* Giving the most important accounts to junior sales representatives may result in unexpected outcomes. Accounts profile and salespeople profile should be matched.

Whatever the endless considerations that can be made about territory design, sales managers recognize that a poor design will have a significant negative impact in the overall performance of any salesperson (Piercy *et al*, 2004).

2.1.6. Sales management and control

There are strong evidences that firms make use of their "Sales Incentives Plan" to control their sales force (Piercy *et al*, 2004; Dowling *et al*, 2007). Actually, some authors argue that compensation in sales force management is the best tool to control and guide the sales efforts of the firm's sales force (Futrell, 2008).

The sales activity is in general characterized by a great degree of autonomy in planning daily activities. This autonomy is an intrinsic characteristic of the activity of the salesperson. Frequently, his/her activity is unstructured and is too often the case that the salesperson knows more about the customers than their managers (Sujan *et al*, 1998).

The self-management of the sales people imposes new challenges for sales managers to control the activities of the sales force, and therefore this could be a hard task to accomplish. Control of the sales force can be, up to certain extent, achieved by the use of the incentive plan. In a pure commission scenario, control of the salesperson may even not be needed at all, as the there are no direct costs for the company if the salesperson is not performing according to the company expectations (however other indirect costs could exist, such as brand damage). In this scenario, management tends to completly rely on the incentive plan, as the company will not be harmed in the event of a failure of the salesperson.

Managers may use the "Sales Incentive Plan" as a tool to partially control and monitor their sales representatives (Sujan *et al*, 1998). This practice is frequent in multinational firms where the manager may be located far away from the salesperson, eventually in a different country. So, the incentive plan becomes a useful tool to monitor and control the outcome of the sales force and thus control their activity. Nevertheless, this control will be based on the outcome of the sales representative, as opposed to the behavior control, where the managers

spend a significant amount of their time in directly controlling their sales force (Piercy *et al*, 2004).

Sales force control seems to be negatively related with the level of variable incentives. As expected, it becomes most valuable when there is a low level of variable incentives (Joseph and Thevaranjan, 1998).

As we will see further on, the sales force control may be better accepted in some cultures, or even mandatory, due to the nature of those cultures. This issue becomes particular relevant because individualist cultures, due to their independency in nature, will easily reject a close control of their activities.

2.2. Culture

Culture is one of the most difficult terms to have an objective, precise and unanimous definition. Half a century ago, Alfred Kroeber and Clyde Kluckhohn listed 164 possible definitions for the term. However, for the purpose of this study a focus will be made on the "national culture" of the countries combined with the "organizational culture" of the companies, in particular in what refers to comparative international management.

"Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional 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

"Culture is a collective programming of the mind that distinguishes the members of one group or category of people from another."

Geert Hofstede, 1997

Although ambiguous in its definition, national culture plays a key role within the organizations around the world. Since the early studies in the middle of the last century, the key aspects of the national cultures had become more and more relevant in the international management literature.

It is no surprise that a subject containing a substantial amount of subjectivity, becomes difficult to quantify. However, several authors have identified the key differentiators on every national culture, where the most relevant can be grouped and compared against each other. The most relevant of these studies were accomplished by F. Trompenaars, R. Gesteland and G. Hofstede.

Although all the models derived from their studies are unquestionable useful when analyzing different cultures, they may serve different purposes. While the Gestland approach may be useful for a direct and immediate contact with a different culture and the Trompenaars model more adequate for a certain audience, the Hofstede model seems to be the most appropriated to identify the differences among compensation systems (Robalo, 2004) – the purpose of this study.

Even though that the previously mentioned studies are the most relevant in this field, it is important to notice the importance of other models, such as the GLOBE[1] project and the data available from the World Values Survey (WVS)[2]. *"The WVS is a worldwide network of social scientists studying changing values and their impact on social and political life"* (R. Inglehart, President-WVS, 2008). According to the WVS, and despite the relevance of other dimensions, more than 70% of the basic cultural values can be explained by only two dimensions:

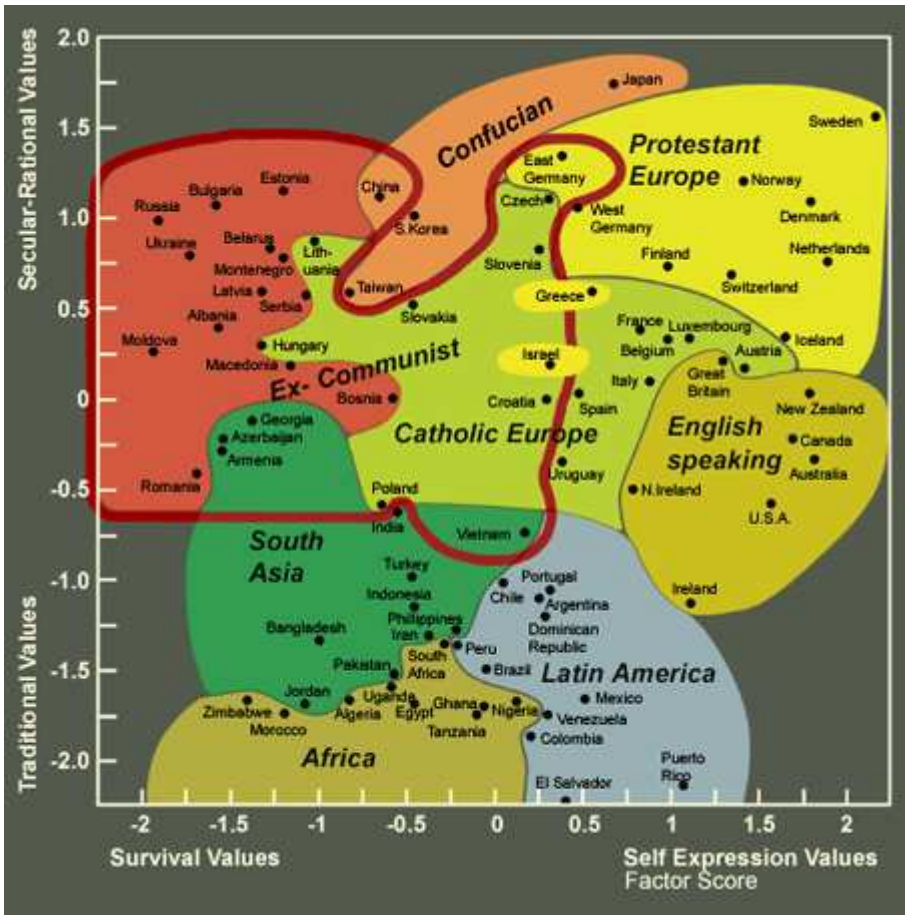
1) *Traditional/Secular-rational*: This dimension refers to the influence of the religion in the society. As opposed to the "Secular-rational" society, the "Traditional" society, influenced by high religious values, demonstrates a great concern about family values and it reveals high levels of nationalism.

2) *Survival/Self-expression values*: This second dimension is related with the shift from an industrial society to a post-industrial, where in the later, survival is taken for granted and the values shift towards self-expression.

[1] http://www.thunderbird.edu/sites/globe/

[2] http://www.worldvaluessurvey.org/

Based on these two dimensions of cross-cultural variations, WVS developed a map that depicts these dimensions across the globe.



Source: WVS, 2009

Figure 4 - WVS, Cultural Map of the World

2.2.1. Geert Hofstede Cultural Dimensions

The work of G. Hofstede as been widely recognized as being one of the most complete in what concerns cross-cultural analysis. In 2000, the author was part of the most cited group according to the Social Sciences Citation Index (SSCI) (Robalo, 2004).

Hofstede has defined a set of cultural dimensions that can represent unique values of the existing nations and cultures around the globe. His dimensions may contrast with other definitions available today, nevertheless his study still proves as one of the most complete as of today.

One of the most important characteristics of a relevant study is its sample size. G. Hostede conducted the most extensive study of how values in the workplace are influenced by

culture. To accomplish this objective, the researcher analyzed the result of two large surveys based on more than 70 subsidiaries of IBM around the world. Recent editions of his work (2001), lists cultural dimensions for 74 countries and regions of the world.

Later additions to his initial studies have proven the earlier results, and these included commercial airline pilots and students in 23 countries, civil service managers in 14 countries, 'up-market' consumers in 15 countries and 'elites' in 19 countries.

According to the author, cultural dimensions can be grouped into three main categories (Hofstede, 1997):

1) Relation to authority
2) Conception of self, in particular:
    a) The relationship between individual and society
    b) The individual's concept of masculinity and femininity
3) Ways of dealing with conflicts, including the control of aggression and the expression of feelings

This grouping of characteristics led Hofstede to define a set of indexes characterized as described in the following pages (see Annex - Annex 1 - Geert Hofstede Index Scores).

Power Distance Index (PDI)

This index refers to the perception and the acceptance that individuals have regarding the different distribution of power as well as the relationship with authority. Although in some societies, the existence of this inequality of power may be rejected, in others may well be seen as a good thing in order to avoid chaos. As it will be seen later on, societies with a smaller PDI tend to be more democratic and some of their main characteristics are depicted in the following table.

Group	Small PDI	Large PDI
Social	The middle class is large	The middle class is small
Political	Political spectrum shows strong center and week left and right wings	Political spectrum shows weak center and strong wings
Family	Parents treat children as equal	Parents teach children obedience
School	Students are expected to actively participate in the class	Teachers will take all the initiatives in the class while the students just listen
Workplace	Hierarchy in organizations means an inequality of roles, established for convenience	Hierarchy in organizations reflects the existential inequality between higher-ups and lower-downs
School	Students see teachers as equals	Students see teachers as different and at a higher rank so treating them with respect
Social	Power people try to look less powerful than what they actually are	Power people try to demonstrate that they are powerful, sometime more than what they actually are
Workplace	Subordinates expect to be consulted	Subordinates expect to be told what to do
Religion	Prevailing religions and philosophical systems stress equality	Prevailing religions and philosophical systems stress hierarchy and stratification

Source: Geert Hofstede

Table 3 - Key differences between small and large PDI societies

According to the author, the origin of the power distance differences seems to have its roots in the spoken language of the country, to whether it was or not a colonized country and if it was part of an ancient empire, such as the Roman Empire. The fact that culture is a constant construction of the societies throughout time, relate this index back to the origins of

the societies and peoples around the world. Nevertheless using a statistical procedure, Hofstede was capable of identifying the variables that most contribute to explain the differences in the PDI within his set of countries and the result was that this index can be predicted with a certain degree of accuracy based on:

1. The country latitude (the higher is the latitude, the lower is the PDI)
2. The population size (the larger is the population size, the larger is the PDI)
3. The country's wealth (the richest is the country, the lower is the PDI)

From the three variables above only one has an immutable value (the country latitude), the remaining two could vary across time and so does the PDI. As the country becomes richer, the values of PDI may tend to decrease if the wealth is equally distributed. However, according to the author, there are no such evidences that the PDI scores are narrowing, but may in fact be widening. This may be explained by the fact that the countries that are becoming richer are those that already had a substantial wealth in the past, and that leads to higher gap between rich and poor countries, thus to a widening of the PDI scores (Hofstede, 1997).

Individualism (IDV)

Refers to the weakness of links between individuals within a society. As opposed to collectivism, societies with higher IDV scores are likely to have more egocentricity and lower cohesion within groups (family, work, school, society and others). As it can be observed in the following table, countries with higher IDV scores tend to have a greater focus on the individual, rather than on the group.

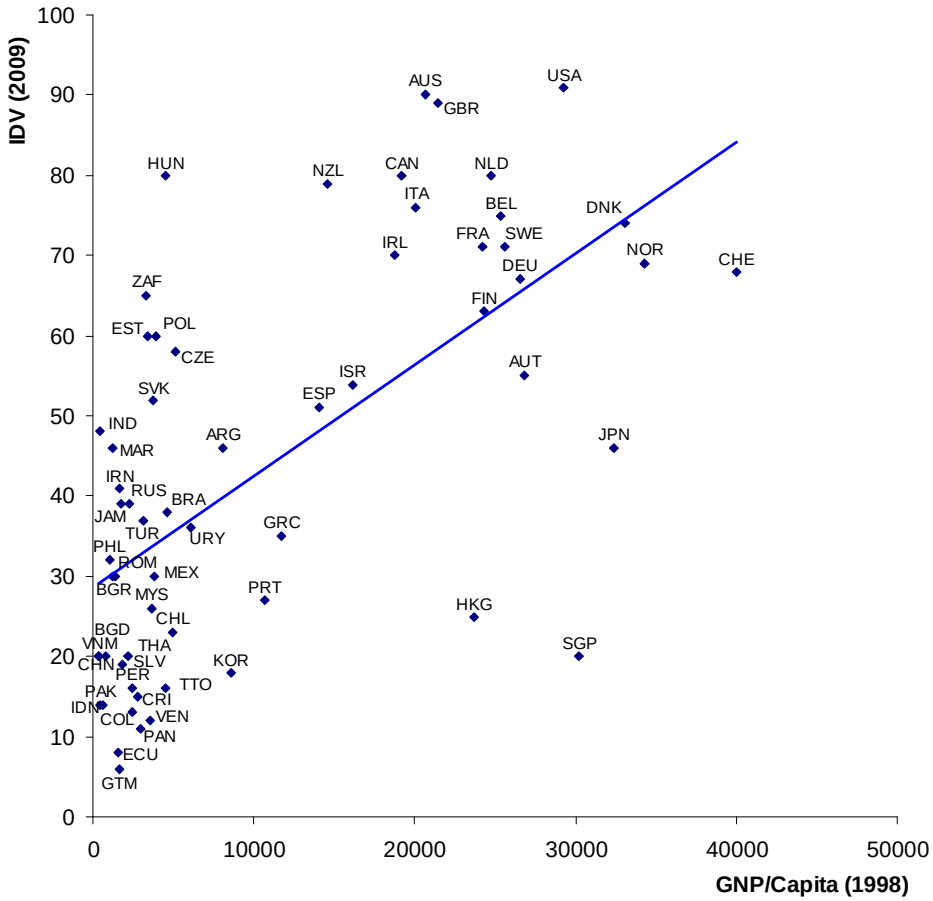
Group	Small IDV	Large IDV
Family	Individuals protect the group in exchange for loyalty	The focus is on the self and individual nuclear group (close family)
Workplace	Hiring and promotion decisions take employees' in-group into account	Hiring and promotion decisions are supposed to be based on skills and rules only

Social	Harmony should always be maintained and direct confrontations avoided	Speaking one's mind is a characteristic of an honest person
Workplace	Relationship employer-employee is perceived in moral terms, like a family link	Relationship employer-employee is a contract supposed to be based on mutual advantage
School	Purpose of education is learning how to do	Purpose of education is learning how to learn
Political	Dominant role of the state in the economic system	Restrained role of the state in the economic system
Economy	Low per capita GNP	High per capita GNP

Source: Geert Hofstede

Table 4 - Key differences between small and large IDV societies

As in the previous index so does this is linked to the deep roots of the national cultures (although not as clear as in the PDI), and hence will probably retain its values for a long period of time. Although Hofstede did not identify the variables that most influence this index so clearly as he did for the PDI, it became clear for the author, that there is a strong link between national wealth and individualism, creating the expectation that, as the country becomes richer, there is a shift towards greater individualism (Figure 5).



Source: Geert Hofstede and The World data bank

Figure 5 - IDV scores versus GNP/capita [(1)]

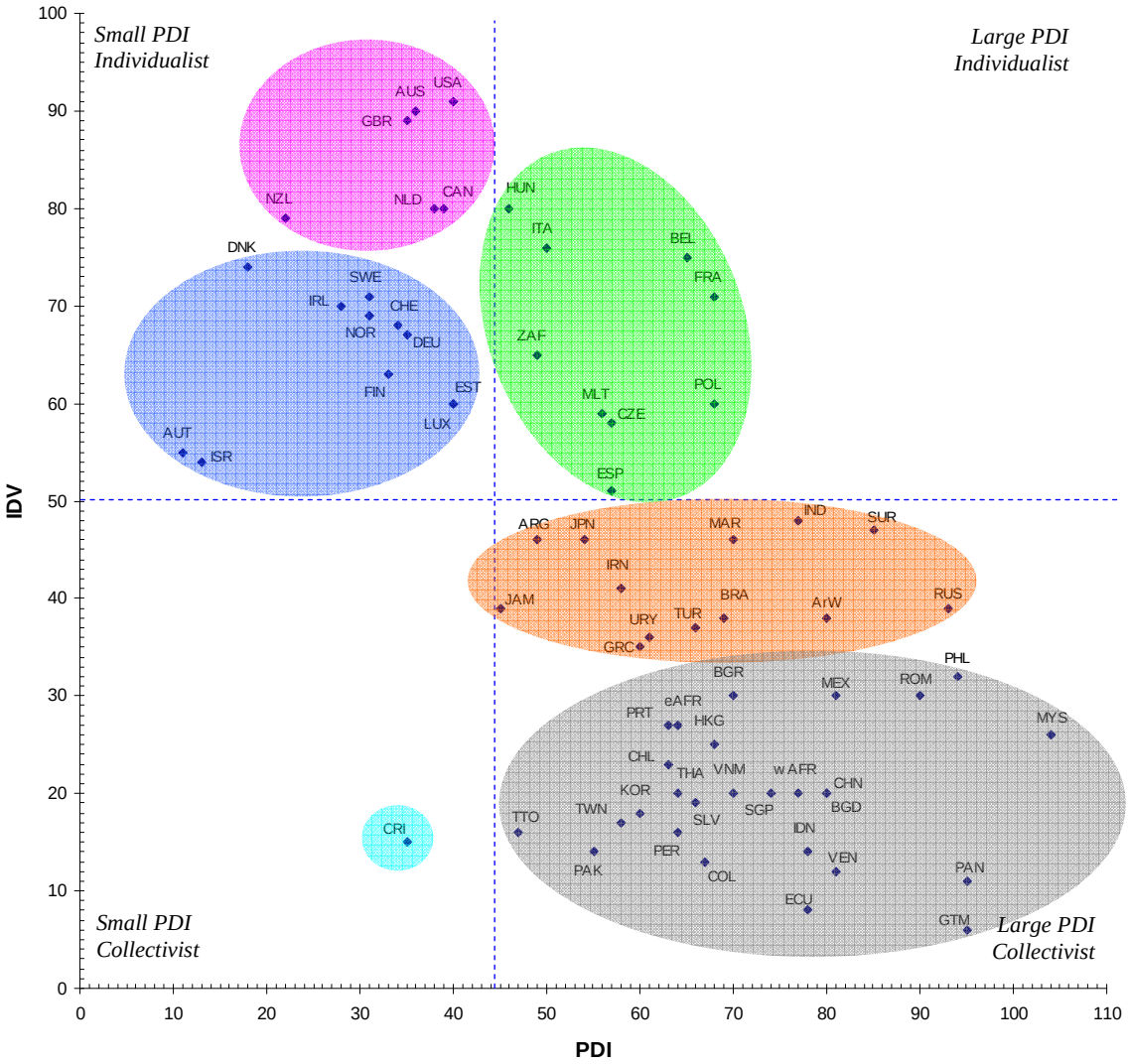
[(1)] The picture above was updated with the most recent values available. In the original work of the author, a smaller number of countries were represented. Please refer to "Annex 6 - Country Abbreviations".

As it will be described in this document, the author also identified that it would be possible to create sets of clusters that share the same characteristics, when comparing the indexes against each other.

	PDI	IDV	MAS	UAI
PDI	-	Figure 6	Figure 7	Figure 11
IDV	-	-	Figure 8	Figure 10
MAS	-	-	-	Figure 9
UAI	-	-	-	-

Table 5 - Indexes comparison

Comparing IDV with PDI it seems that there is a negative correlation between both indexes (Figure 6) . The explanation for such a relation resides in the fact that in collectivist cultures (lower IDV) people depend on the groups that they belong to. Additionally, groups need a hierarchy to properly function, and this needs a higher power differentiation. Although there are exceptions to this relation, such as in the Latin European countries (particularly France and Belgium that have a medium PDI with high IDV) it is possible to identify sets of clusters that contain the same characteristics, as depicted in the following picture.



Source: Geert Hofstede

Figure 6 - Power distance versus Individualism [(1)]

[(1)] The picture above was updated with the most recent values available. In the original work of the author, a smaller number of countries were represented. Please refer to "Annex 6 - Country Abbreviations".

As it can be observed in the previous picture, countries can be combined into clusters representing their relation PDI-IDV, with an exception for Costa Rica. This particular country is widely recognized as an exception in the Latin American countries due to its history of consolidated democracy.

As previously discussed, the country economy plays a key role in this analysis. In the clusters associated above, there are no significant differences among rich countries (the upper left corner in Figure 6) as well as among poorer countries (the lower right hand cluster in Figure 6).

Masculinity/Femininity (MAS)

The MAS index pertains to the predominance of either masculine values (assertiveness, toughness and focused on material success) or feminine values (modesty, tenderness and concerned with the quality of life), where the latest promotes the equality of genders and the overlapping of their roles.

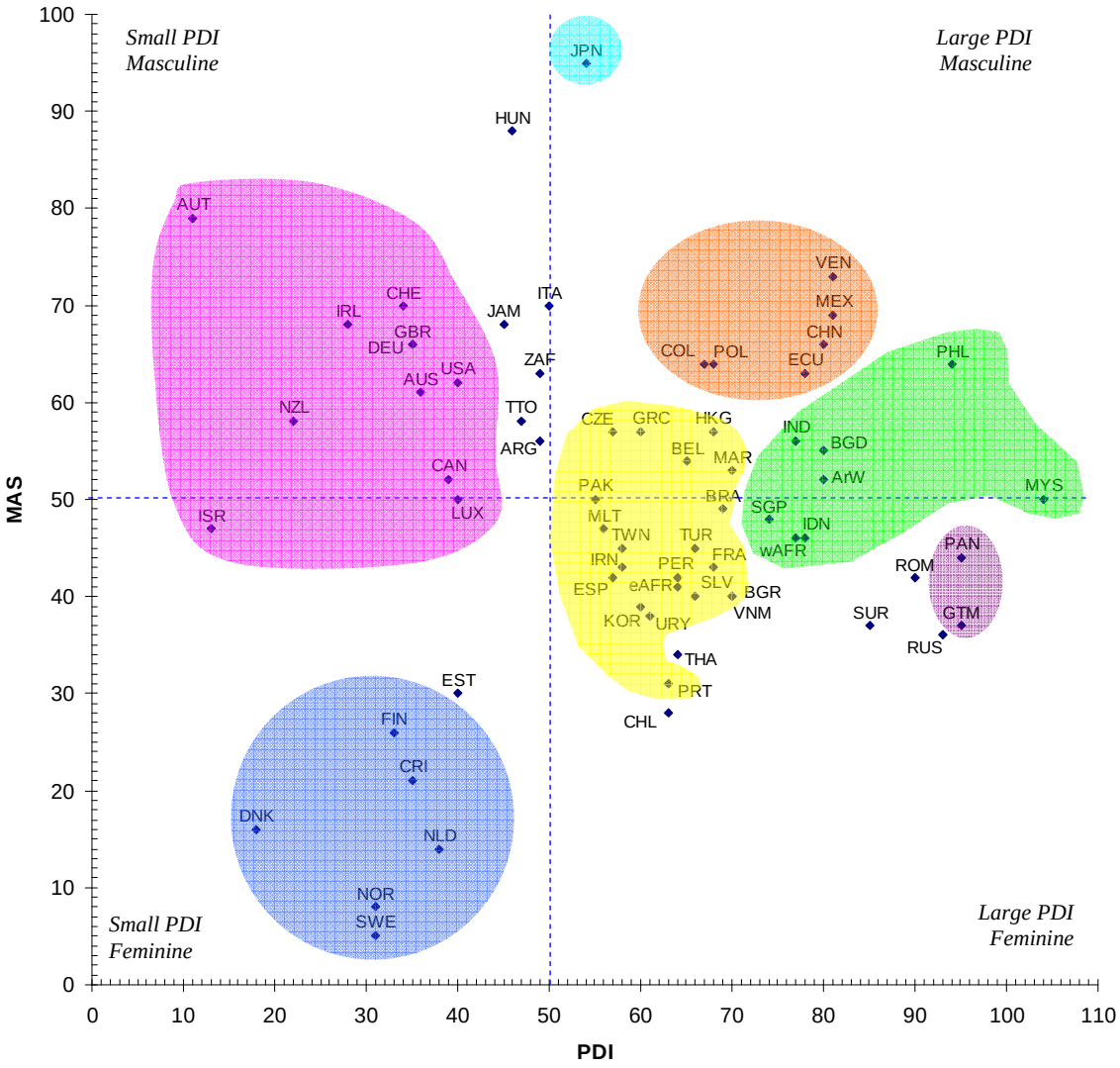
As in the previous indexes, some of the main characteristics can be identified in a society in order to rate it either as a feminine or masculine culture.

Group	Small MAS	Large MAS
Family	Both fathers and mothers deal with facts and feelings	Fathers deal with facts and mothers with feelings
School	Average student is the norm	Best student is the norm
Social	Sympathy for the week	Sympathy for the strong
Workplace	Work in order to live	Live in order to work
Political	Government spends a significant amount of money on assistance to poor countries	Government spends a small amount of money on assistance to poor countries
Social	Permissive society	Corrective society
Political	Relatively large number of women in elected political positions	Small or inexisntant number of women in elected political positions

Source: Geert Hofstede

Table 6 - Key differences between small and large MAS societies

As mentioned by the author, masculine societies are those where there is a clear distinction between the gender roles. In contrast, feminine cultures demonstrate an understanding of the masculine cultures and values, while the opposite may not be true.



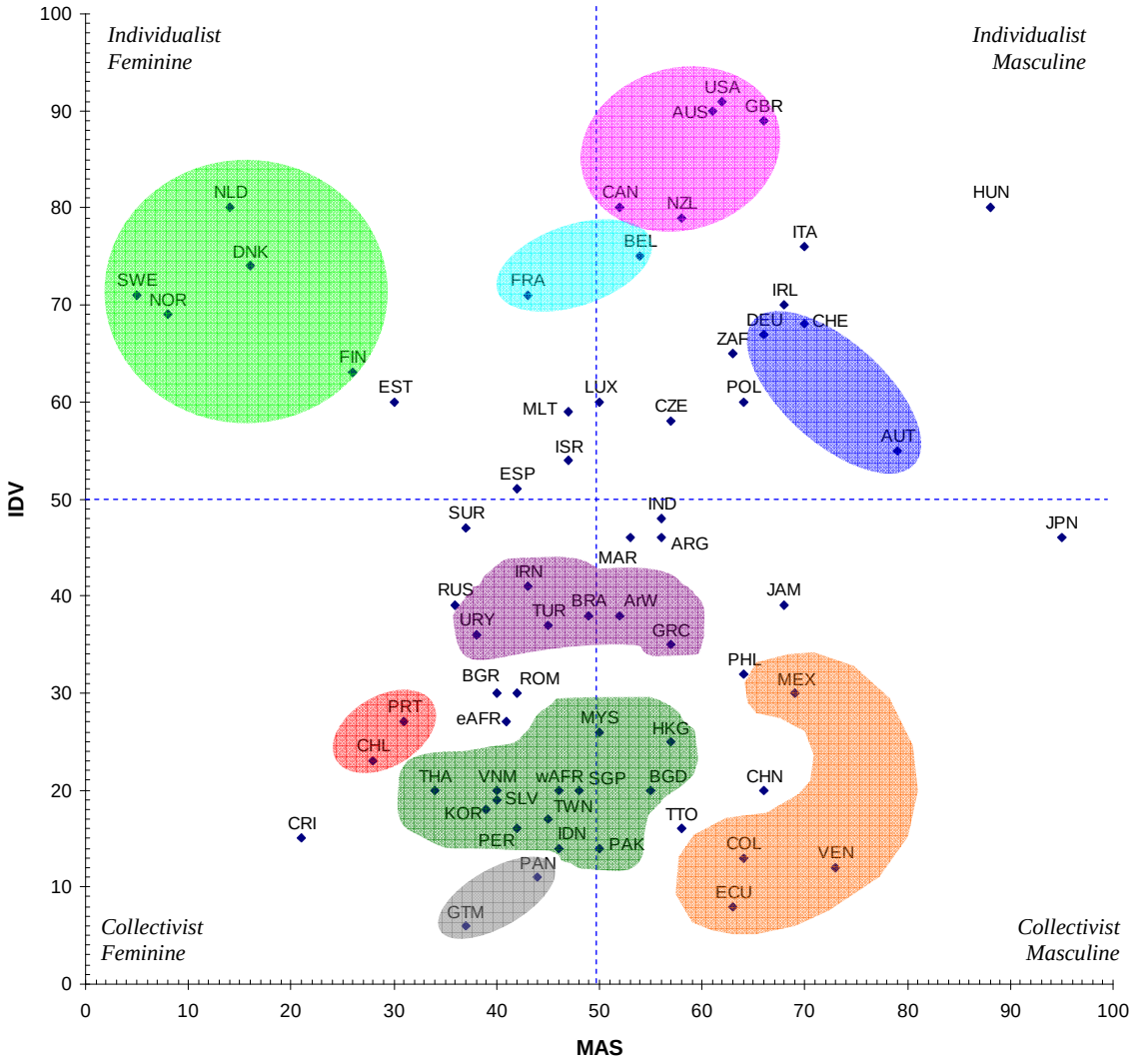
Source: Geert Hoftsede

Figure 7 - Power distance versus Masculinity [(1)]

[(1)] The picture above was updated with the most recent values available. In the original work of the author, a smaller number of countries were represented. The clusters represent the original with the exception of the former Yugoslavia. Please refer to "Annex 6 - Country Abbreviations".

Comparing masculinity against power distance, it becomes possible to identify a set of cluster that share common characteristics. As it can be observed in the picture, a high level of feminine values can be identified in the Scandinavian countries. A fairly large amount of Latin countries score strongly to moderate feminine and in the opposite side, Japan has the

higher masculine index, which can be explained by its ancient culture where the gender roles are clearly distinct and still in place nowadays.



Source: Geert Hofstede

Figure 8 - Individualism versus Masculinity [(1)]

[(1)] The picture above was updated with the most recent values available. In the original work of the author, a smaller number of countries were represented. The clusters represent the original. Please refer to "Annex 6 - Country Abbreviations".

In Figure 8, a comparison between masculinity and individualism can be examined. As seen before, there is a strong relation between country wealth and IDV (see Figure 5), the richer the country the more individualist it becomes. The same principle does not seem

applicable for the MAS, as this index appears to be more related to the country's history rather than to its economic evolution.

Uncertainty Avoidance (UAI)

"The extent to which the members of a culture feel threatened by uncertain or unknown situations"

Geert Hofstede, 1997

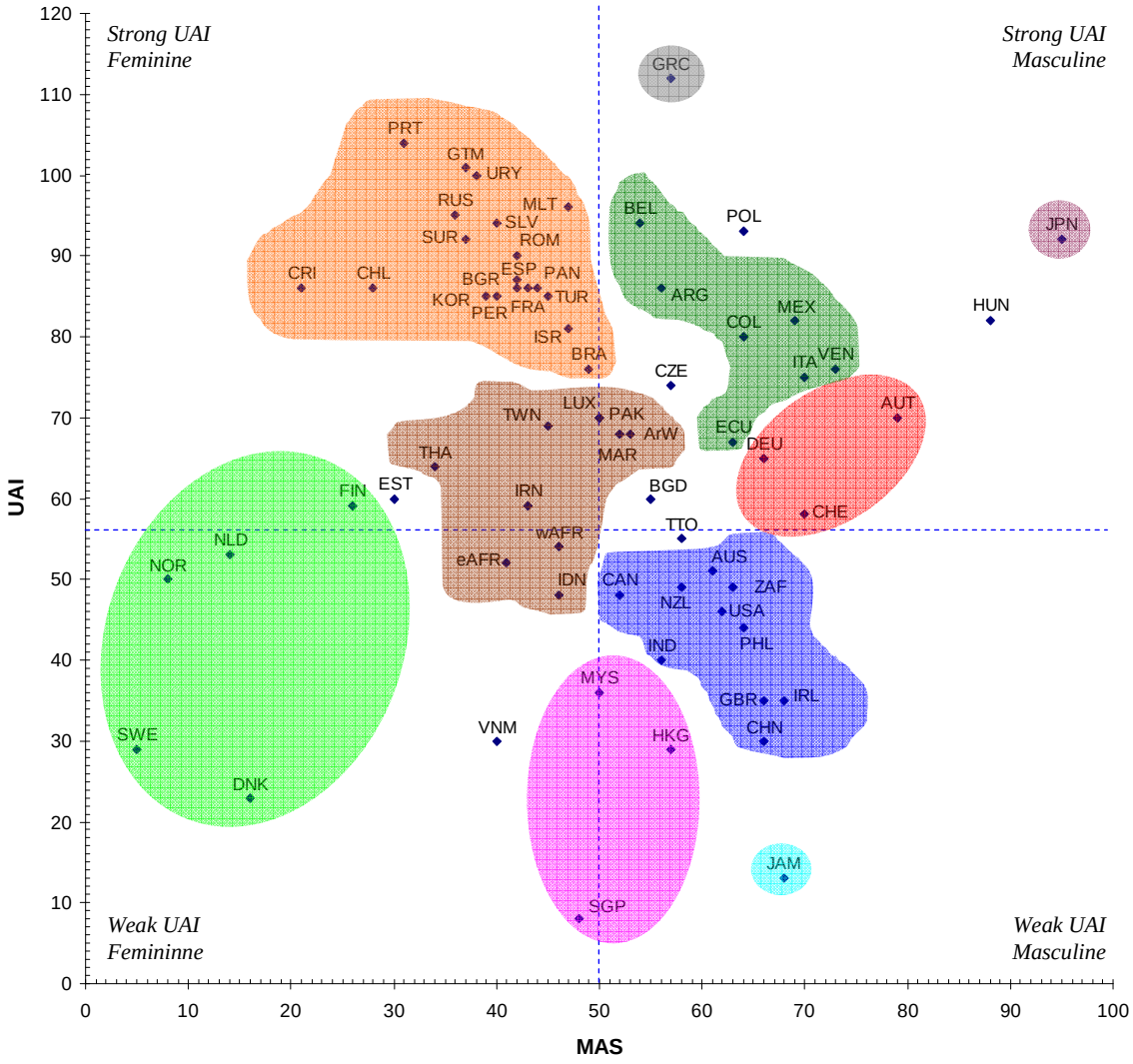
Uncertainty avoidance should not be confused with risk avoidance. While the former is a diffuse feeling without a specific root, the later is focused on something well defined and clear. This index expresses the anxiety and the need to reduce ambiguity in societies where the tolerance to uncertainty is low. The following table compares some of the most common characteristics when evaluating the feelings against uncertainty in a national culture.

Group	Weak UAI	Strong UAI
Social	Low stress	High stress
School	Teachers may say "I don't know"	Teachers are supposed to have all the answers
Workplace	Precision and punctuality have to be learned	Precision and punctuality come naturally
Social	What is different, is curious	What is different, is dangerous
Political	Few and general laws and rules	Many and precise laws and rules
Family	Lenient rules for children on what is taboo	Tight rules for children on what is taboo
Social	Aggression and emotions should not be shown	Aggression and emotions may apply at proper times and places
Social	Citizens are positive towards institutions	Citizens are negative towards institutions

Source: Geert Hofstede

Table 7 - Key differences between small and large UAI societies

As with previous indexes it becomes useful to compare UAI with other indexes. This becomes particular important in the analysis of UAI with MAS, as it may be useful in the study of motivation (a relevant subject for this study), as suggested by a comparison of the work of Hoftsede with that made by David McClelland.

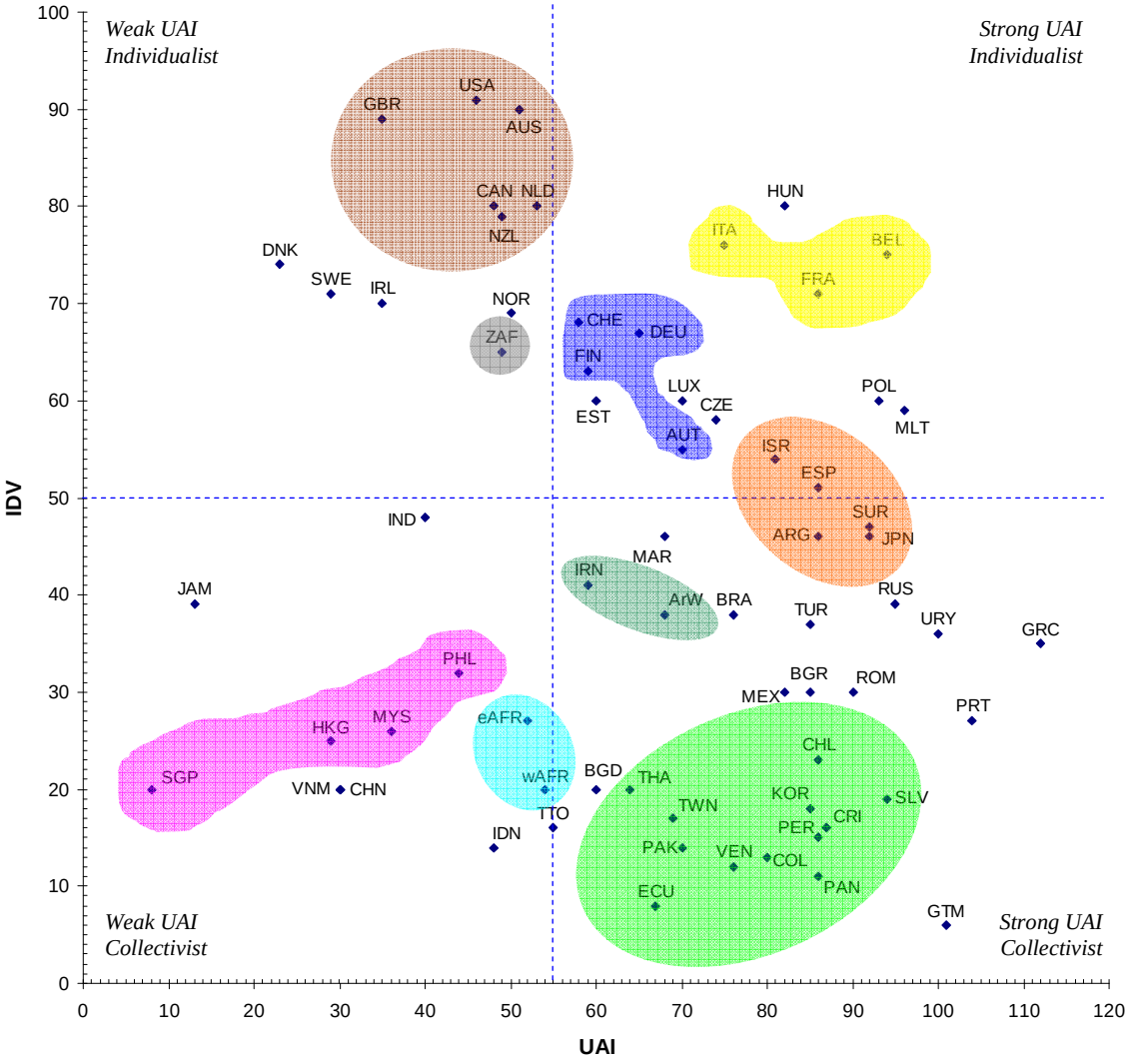


Source: Geert Hofstede

Figure 9 - Uncertainty avoidance versus Masculinity [(1)]

[(1)] The previous picture was updated with the most recent values available. In the original work of the author, a smaller number of countries were represented. The clusters represent the original. Please refer to "Annex 6 - Country Abbreviations".

McClelland suggested three type of motive in his attempt to differentiate motivation patterns: the need for achievement, affiliation (associating with other people) and power. It becomes obvious in the comparison made between the McClelland's country scores and the IBM dimension scores, that the "need for achievement" is strongly correlated with the combination of low UAI and high MAS (in Hofstede, 1997), both are components of entrepreneurial actions (see the case of USA in the previous picture).



Source: Geert Hofstede

Figure 10 - Individualism versus Uncertainty Avoidance [(1)]

[(1)] The picture above was updated with the most recent values available. In the original work of the author a smaller number of countries were represented. The clusters represent the original with the exception of the former Yugoslavia. Please refer to "Annex 6 - Country Abbreviations".

Important to notice is also the comparison made by the author when plotting individualism against uncertainty avoidance (Figure 10), where a relation between both can be observed. In strong UAI cultures, individualist country rules tend to be more explicit and written (low context communication a characteristic of individualist societies) as opposed to collectivist countries with similar UAI where the rules are often implicit and linked in tradition (as in the case of Japan).

Long Term Orientation (LTO)

This last index, a more recent addition to the Hoftsted studies, is linked with virtue and values. Long Term Orientation is characterized by the thrift and perseverance, as well as having a sense of shame. The Short Term Orientation demonstrates a respect for tradition, social obligations, and personal stability. Due to the limited amount of country values present in Hofstede study (23), LTO will not be analyzed in this study.

Implicit models of organizations

From the five dimensions previously discussed, UAI and PDI are those affecting the way we understand organizations in general (Hofstede, 1997). When combining the two, it becomes evident that some organizational models are rooted to these two indexes.

Model	Characteristics	UAI	PDI	Example
Pyramid of people	Concentration of authority and structuring of activities	Large	Large	France
Well-oiled machine	The organization is perceived as a machine with strong norms and procedures and the intervention from the top is limited to exceptional cases	Large	Small	Germany
Village Market	No concentration of authority or strong structuring of activities	Small	Small	United Kingdom
Extended family	Concentration of authority without structuring of activities	Small	Large	China

Source: Geert Hofstede

Table 8 - Models of organizations

Comparing the previous table with the following picture, there are sets of clusters that seem to share the same models of organizations. As an example, many of the Latin America countries denote the pyramidal organization (Brazil, Argentina, and Venezuela) which is shared by the Latin European countries (Spain, Portugal and France). This enhances the fact that culture mainly has its roots in the country's history, and thus it is difficult to change it in a short period of time.

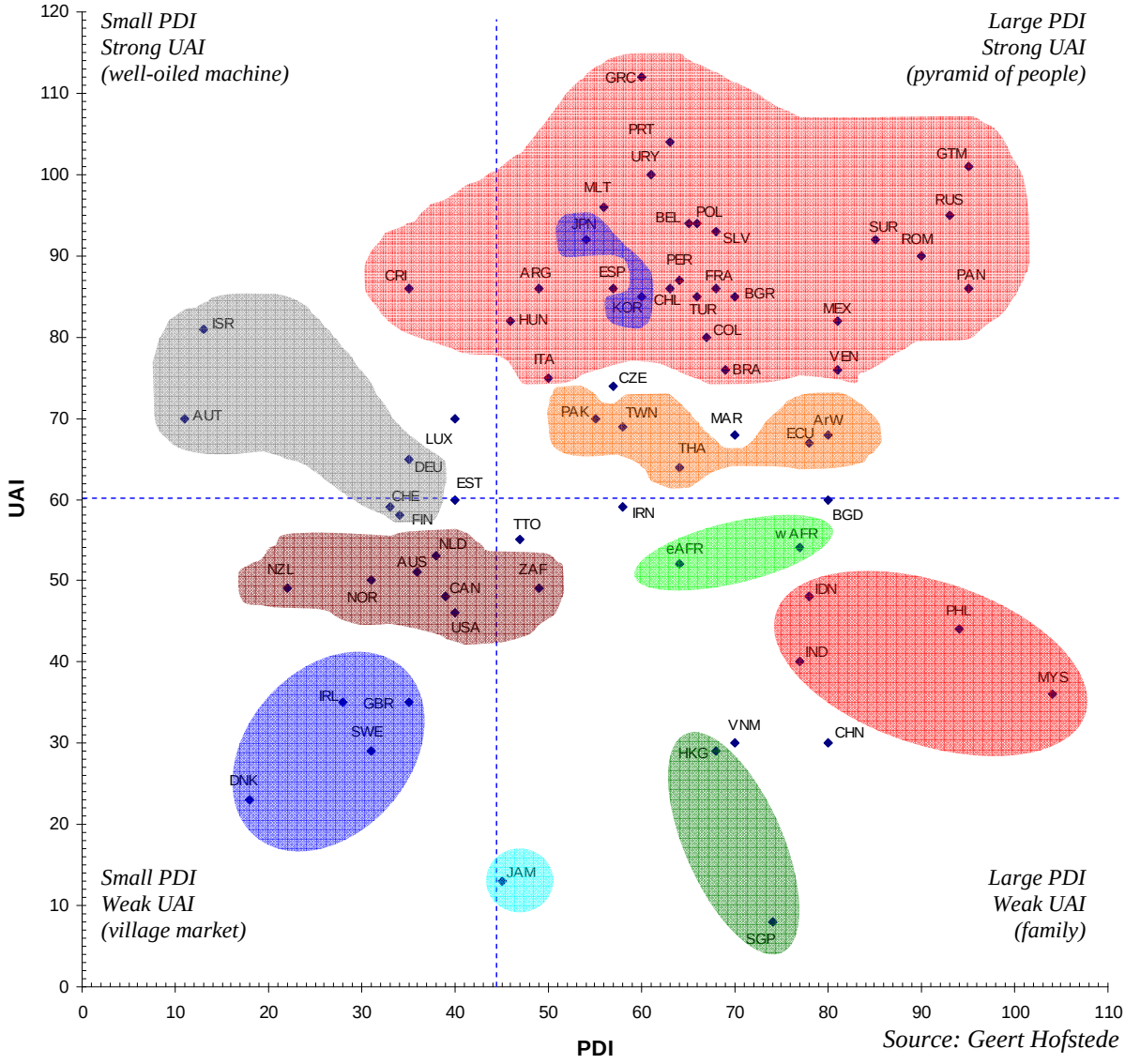


Figure 11 - Uncertainty avoidance versus Power distance [(1)]

[(1)] The previous picture was updated with the most recent values available. In the original work of the author a smaller number of countries were represented. The clusters represent the original. Please refer to "Annex 6 - Country Abbreviations".

Lastly, it becomes important to note that culture comprises a certain degree of ambiguity and there are no concrete borders in its definition. Therefore, attention should be paid to avoid over stereotyping any country; to keep in mind that there are sub-cultures within national cultures and that the personality of the individual may not always fit the national culture.

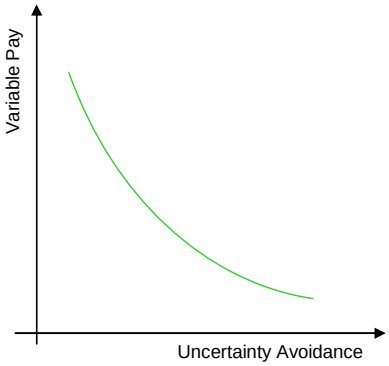
2.3. Sales Force Compensation and Culture

As the propose of this study is to find a link between culture and sales force compensation, it becomes particularly relevant to understand what studies have been previously conducted in this field. As it was described before, there are several relevant studies in the fields of sales force compensation and in culture, however the number of studies available that combine both fields is relatively small.

Although there are other factors that influence the compensation desires of employees in different countries (economic, institutional and political – Bloom and Milkovich, 1997), as it will be observed later on, culture has a significant impact on the perception that a salesperson has about the sales incentive plan.

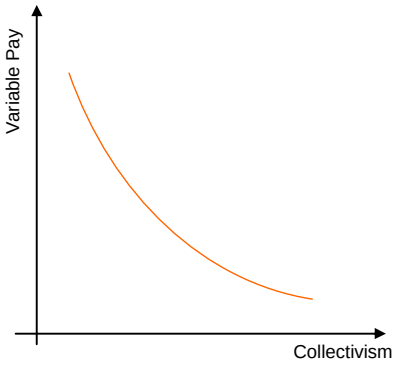
As seen before, there is a strong link between compensation and emotions (see 2.1.4 - Equity of the plan). Emotions are influenced by the national culture of each person (Mahajan and Benson, 2005), therefore when designing the total compensation package, firms should keep in mind the moral traditions of their sales force (Bloom, 2004).

Although expected, the fact is that recent studies have shown that thirty eight percent of the firms pay based on global principles, while just twenty six percent of multinational companies allow country managers to adapt the compensation to the local requirements (Cichelli, 2007). Naturally, pay globally does not mean having the same compensation all over the world, but instead have the same principles on a global basis. However, this seems to be ignored by most of the MNEs operating in a global environment, although a careful analysis of compensation in multi-cultural environments has proven to be a critical success factor for a global company (Mahajan and Benson, 2005).



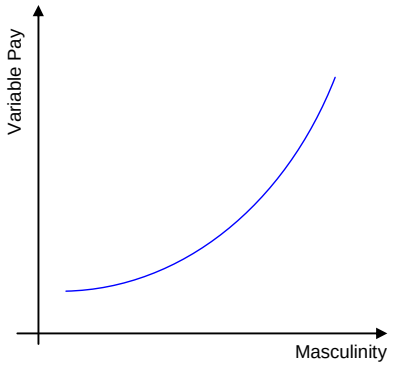
Previous studies reiterate the fact that standardizing sales force compensation across different countries will generate more conflict than productivity (Segalla *et al,* 2006) or can in fact fail, as there is no alignment between compensation and the local culture (Mahajan and Benson, 2005). Offering a significant amount of variable pay in a country where there is a strong uncertainty avoidance, may not be perceived as an incentive, and most probably lead to reduced enthusiasm in the sales force. Hence, the culture uncertainty avoidance should be considered as a critical factor in a reward system. Japan is a good example of how uncertainty avoidance leads the salespeople to be less wiling to accept a pure based commission system (see 2.1.2 - Types of incentives), as the country culture has traditionally a low tolerance for risk. However, there are other culture dimensions to keep in mind when designing an incentive plan for the sales force.

Comparing the IBM scores with the existing sales force compensation literature, it becomes evident a relationship between the two. In what respects to power distance, cultures with a high score on this index, will dictate a different attitude on the sales force of any company. In large PDI countries, there is a clear, structured, hierarchical organization, so employees expect to have little input on the quota settings as accounts are considered owned by the company, not the sales executive. On the other hand there is a sense of account ownership by the salesperson in low PDI cultures (whether or not that is true).



Performance based compensation may be more accepted within individualist sales teams (Dowling *et al,* 2007). In contrast, collectivist cultures may favor the existence of parity principles in rewards systems, as opposed to individualists that will prefer equity principles (*in* Segalla *et al,* 2006). Although expected that collectivist cultures will also value team based rewards in order to promote the harmony or to diffuse the reward and the risk across the group, it must be kept in mind that these rewards may lead to shirking behaviors and result in a low team performance and sense of unfairness within the sales force. Segalla *et al* (2006), argues that *"regional culture has a significant effect on the level of incentive compensation"* and even though it

should be desirable to consider the uncertainty expectations of a specific culture, a common ground must be in place, and risk should be shared between the company and the sales executive.



As previously observed, feminine cultures tend to value quality of life. Preserving relations in these cultures is vital and failure is perceived with less importance. In contrast, masculine cultures require that competition is in place and therefore a highly competitive pay is appreciated as opposed to feminine cultures where a higher base pay is expected (DiMisa, 2007). Different studies reveal that the use of fixed incentives rather than variable, will create an harmony and thus less conflict (Segalla *et al*, 2006), however as previously discussed there is a strong relation between variable incentives and performance, therefore a balance must be achieved between both.

Whatever is the method utilized in compensating the sales force, it becomes obvious the inherent importance of the salesperson culture. His/her culture may differ from the organization culture but, to work in harmony, either must fit or at least have a common basis. The fact that the individual culture may conflict with the organizational culture, will inevitably lead that the sales individual will soon leave the company or he/she will not even join it (Bloom and Milkovich, 1997).

It is no surprise that the founders culture influences, to a certain extent, the organization culture (Hofstede, 1985). However, companies should adapt to the local values of each of their subsidiaries, as the global context in which MNEs operate will not allow a single pay system (Dowling *et al*, 2007).

Subsidiary culture becomes a mix of the firm's culture and the national culture (Hofstede, 1985), therefore ignoring the national culture when designing a sales incentive plan, can lead to a failure in implementing any strategy and may in fact prevent the company to attract the best sales professionals in the local markets.

3. Problem statement and hypotheses

As the purpose of this project is to investigate the influence that culture may have in the compensation of the sales force, several different hypotheses have been considered based on the existing literature discussed in the previous chapter. As it will be described in the following pages, these hypotheses suggest that a relation exists between culture values and compensation systems.

3.1. Percentage of variable versus fixed salary

As discussed in the previous chapters, sales management control is negatively related with the level of variable incentives ("2.1.6 - Sales management and control"). The higher the variable incentives, the lower the need for close control of the salesperson and thus variable pay allows more self management to the salesperson. Self management seems to be better accepted in cultures where the relation to power fits in the lower levels of the PDI, where the subordinates do not necessarily expect what to be told (see Table 3). Consequently:

H1a: Countries with a lower PDI score would accept more variable pay.

The increase in variable compensation is linked to performance based compensation and it may be more accepted within individualist sales teams (refer to "2.3 - Sales Force Compensation and Culture"), therefore:

H1b: Individualist societies will favor the usage of more variable pay.

Variable pay is also strongly connected to uncertainty. It could represent a significant compensation, or nothing in the worst case of a pure commission based plan (see "2.1.2 - Types of incentives"). Hence, it is expected that variable pay will be more appropriate for societies with a high tolerance of uncertainty.

H1c: Countries with a lower UAI score would accept more variable pay.

In addition, the increase percentage of variable pay promotes reward for success and more competition inside the sales teams, thus generating a need for achievement in the individual. As observed in "2.2 - Culture", all of these values are commonly found in masculine societies, therefore it induces the idea that these cultures will feel more comfortable with the usage of variable compensation.

The previous arguments point towards the following hypothesis:

H1d: Masculine countries will better accept the usage of variable pay.

3.2. Stock options

Societies that score high in power distance have a strong concern about hierarchy in the organizations (see "Table 3"), as well as a stronger desire to be on the top of the organizational pyramid. As this will bring more social status and power, the use of stock options in these cultures may induce in the employee a sense of ownership of the company and thus, it may be perceived as an additional step in the power ladder.

This discussion suggests the following hypothesis:

H2a: Countries with high PDI scores will value the most the use of variable incentives in the form of stock options.

In addition, stock options are also linked to a certain degree of risk. Although, as seen before (2.1.2 Types of incentives), this risk is not financial, it may prevent the company from offering additional monetary compensation to the employee. Consequently, these incentives involve uncertainty, as they could represent a significant amount of money or, in the worst case, nothing. Therefore, societies with high uncertainty avoidance values will undervalue these incentives as opposed to societies will a tolerance to uncertainty.

H2b: Countries with high UAI will undervalue the usage of stock options.

3.3. Account ownership

Account ownership refers to the perception that the salesperson has regarding who owns a new account that he/she had entered. If the salesperson is able to generate a sale in a

new account, he/she may have the feeling that the account belongs to him/her if he/she leaves the company that is working for. Looking back to the culture analysis, all in all, the hypothesis implied by this discussion suggests that:

H3: The perception that the account is owned by the company is likely to be higher in countries with high PDI scores

3.4. Input on quota settings

As it can be observed in "Table 3 - Key differences between small and large PDI societies", in cultures with high PDI scores the subordinates expect to be told what to do. This suggests that in these countries, the sales manager may not discuss with the sales representatives the way that the quota and objectives will be set for the next period, thus:

H4: It is common that the quota is imposed and not discussed with the salesperson in countries with higher PDI scores.

3.5. Team based rewards

Collectivism promotes the harmony and consensus in the group while avoiding the direct confrontation (see "2.2 - Culture"). On the other hand, team based rewards may be used by the sales manager to promote the harmony within the sales team and to hide the failure of one or more sales representatives inside the group (refer to "2.1.2 - Types of incentives"). The combination of both seems to promote the values of a collectivist culture and suggests the following hypothesis:

H5: In a collectivist society it is expected that team based rewards are more welcomed than in individualist societies.

3.6. Promotion incentives

Cultures with high power distance scores value the hierarchy and its association with power (refer to "2.2. - Culture"). Therefore, a promotion is commonly perceived as a step towards the top of the hierarchy and thus, towards more power. Hence it is expected that:

H6: In countries with higher PDI there is a preference for promotion incentives greater than in lower PDI cultures.

3.7. Account development

Developing new accounts implies additional risk as opposed to grow the existing ones. Sales representatives that are tolerant to uncertainty will easily accept the challenge to develop new accounts. Hence, this suggests that:

H7: Sales executives in countries with high UAI scores will be more reluctant to develop new accounts.

3.8. Time/family incentives

Time/family incentives aim to promote a balance between work life and family. Companies that are part of a feminine culture may favor and promote these incentives as they become more attractive for the feminine values of care and "work in order to live", as opposed to "live in order to work" ("Table 6 - Key differences between small and large MAS societies"). Consistent with this line of argument it is expected that:

H8: Time/family incentives are more attractive in cultures with lower MAS.

4. Data Analysis

In order to obtain data from different regions of the world, a worldwide online survey was carried out (see " Annex 7 - Survey Sample"), mainly using a network of personal and professional contacts, as well as the online social network of LinkedIn [3].

A set of 13 questions was created (see "4.1 - Survey design and considerations"), and out of these, the first 5 were used to characterize the sample.

With an estimated time for completion close to 5 minutes, the target were people with a previous professional sales experience, regardless of any particular sector. A summary of the data collected can be observed in the following table.

Survey	Respondents	Countries	Continents	Sectors	Sample Error (3)
Pre-Test Survey	61	18	3	19	N/A
Final Survey	**689**	**73**	**5**	**22**	**3,73%**
Total (1) (2)	739	78	5	22	3,60

Table 9 - Survey summary

(1) There were five countries participating in the initial pre-test that did not participate in the final survey (Lithuania, Mongolia, Martinique, Macedonia and Bulgaria).

(2) Out of the 61 respondents of the "pre-test", 11 had a previous sales experience, and those were taken into account for the final survey. The remaining 50 were excluded, as they did not have a previous sales experience.

(3) For a confidence level of 95%.

A map of the worldwide distribution of the survey respondents can be observed in the following picture.

[3] www.linkedin.com

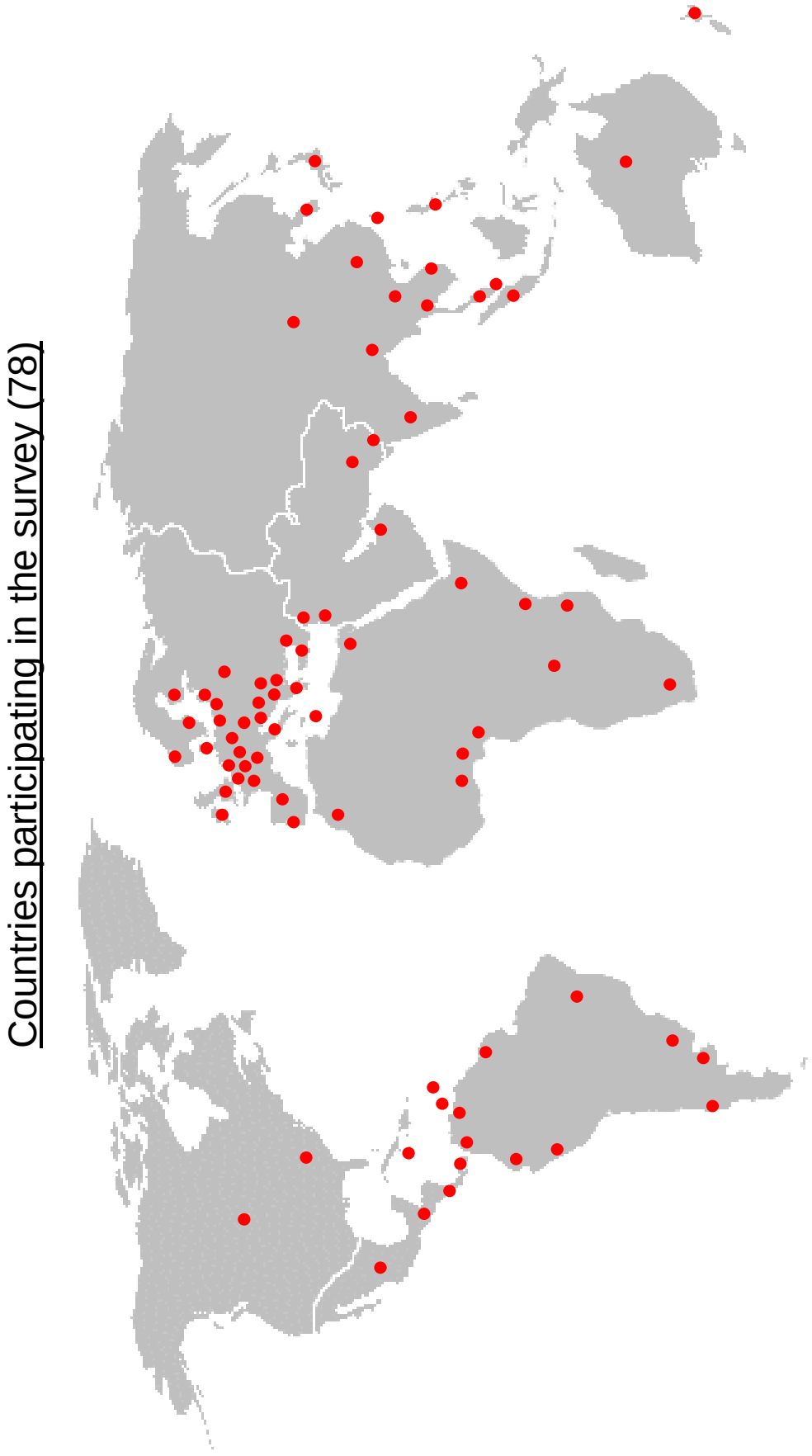


Figure 12 - World map - List of countries participating in the survey

For the purpose of establishing comparisons and conclusions, only the data gathered in the final survey was used. Nevertheless, it was important to pre-test the survey in order to verify that its structure was well designed to answer the purpose of this study.

Considering the total number of respondents in the final survey (689) and for a confidence interval of 95% the sample error was 3,73%.

4.1. Survey design and considerations

The questionnaire was created (see " Annex 7 - Survey Sample") having in mind several different considerations and best practices for online surveys, namely:

a) *Easy access:* The survey was hosted at google.com, which has a worldwide availability.
b) *Fast download:* The download of the survey usually takes less than a second, and there are no advertisements when the user gets the survey.
c) *Plain English:* As many of the expected respondents were non native English speakers, a special attention was paid to the use of plain English in order to avoid misunderstandings while filling the survey.
d) *Small number of questions:* Large surveys are usually annoying for the respondents. The survey created for the purpose of this study, takes less than five minutes to complete.
e) *Scale:* An odd and frequently used scale of 1 to 10 was used in order to compel the respondent to have an opinion. Different scales were considered, but due to the fact that this is an international survey, a scale of 10 was preferable.
f) *Help:* a short description of each question was provided bellow the question.
g) *Feedback:* An option was left available for the respondents if they wish to receive feedback regarding the survey results. The respondent needed to fill their name and e-mail address if they wish to receive a summary report of the survey (more than 73% of the respondents requested feedback of the results).

A survey sample is provided in " Annex 7 - Survey Sample".

4.2. Procedure and Definitions

Comparing culture has proven to be a difficult task to accomplish. The main reason of such difficulty, arises from the fact that the topic comprises a substantial degree of subjectivity (see 2.2 - Culture).

The procedure to compare the results originated in survey against the results of Hofstede, followed a simple four steps structured approach:

1) Divide the Hofstede indexes in "High" and "Low" for each dimension.
2) Due to the subjective nature of culture, leave an "ambiguous" region around the mean for each dimension.
3) Classify each respondent country as "High" or "Low" for each cultural dimension, and create two sets between the respondents of the survey.
4) Compare both sets ("High" and "Low") to verify if there were any statistical differences between the two, which can confirm or deny the hypotheses.

Following the above procedure, the results were as depicted in the next table (see 8.1. - Annex 1 - Geert Hofstede Index Scores by Country)

	PDI	IDV	MAS	UAI
Ambiguous region	10%	10%	10%	10%
Average	59,54	43,17	50,07	66,67
Lower value for "high"	63	45	53	70
Higher value for "low"	57	41	48	63

Table 10 - Hofstede Indexes Classification

An ambiguous region of 10% was considered around the mean (+/-5%). Any country that was part of the "ambiguous" region was classified as AMB, and not considered for further analysis for that particular index. Also, there were four countries responding to the survey that were not present in the Hofstede scores (Laos, Trinidad and Tobago, Georgia and Afghanistan) and those respondents, in a total of six, were classified as "undefined" (UNDF) and not considered for a further analysis.

Taking the example of the United States, this classification would result in the following:

Index	USA	Classification
PDI	40	Low (< 57)
IDV	91	High (> 45)
MAS	62	High (> 53)
UAI	46	Low (< 63)

Table 11 - USA classification

Clearly, culture does not have a concrete and well defined border, but in order to turn comparison possible, limits needed to be defined.

According the previous procedure the results obtained are according to next table.

	PDI		IDV		MAS		UAI	
	N	%	N	%	N	%	N	%
High	375	54,4%	310	45,0%	272	39,5%	299	43,4%
Low	262	38,0%	373	54,1%	302	43,8%	324	47,0%
Amb	46	6,7%	0	0,0%	109	15,8%	60	8,7%
Undf	6	0,9%	6	0,9%	6	0,9%	6	0,9%
Total	689	100,0%	689	100,0%	689	100,0%	689	100,0%

Table 12 - Ranks distribution

A detailed classification of each individual country can be found in "Annex 8 - Hofstede ranks by country".

4.3. Characteristics of the pre-tested sample

In order to verify if the designed survey could actually verify or deny the hypotheses that were elaborated (see 3 - Problem statement and hypotheses), a pre test was conducted before the launch of the final survey.

As it is generally known, the pre-tested population should be as similar as possible to the target population of the final survey (Kaczmirek and Schulze, 2005). However, as the scope of this work includes a world wide survey, it became difficult to exactly match the characteristics of the pre-tested population and the final population. To overcome this issue, the pre-test was mainly filled with the students from the "Master in International Management", although it was not restricted to this particular group.

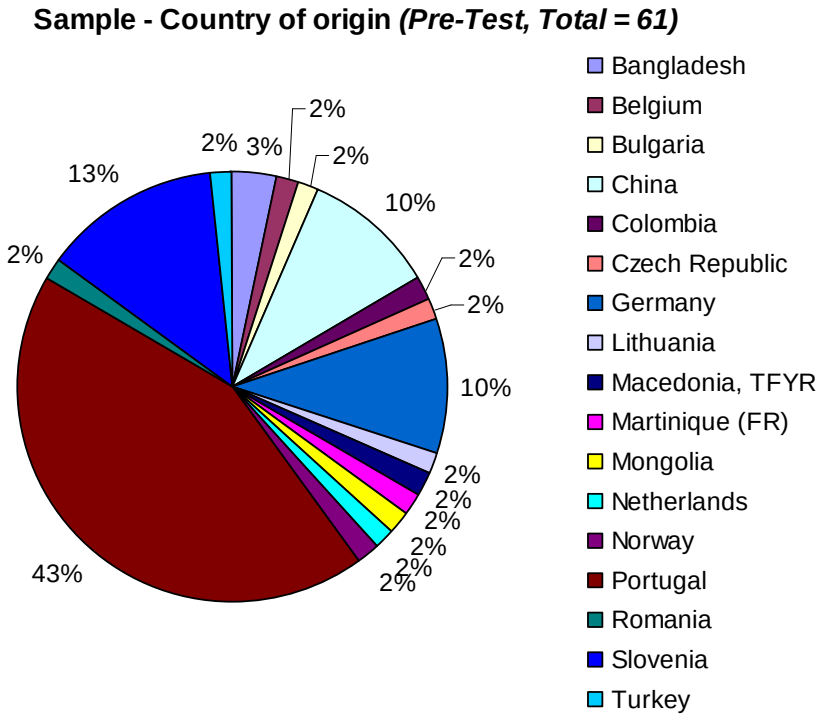


Figure 13 - Sample - Country of Origin *(Pre-Test)*

As it can be observed in the previous graph, these students are from several different nationalities, which allows an evaluation of their perception against sales compensation. However, most of them do not have a previous experience as a salesperson (see Figure 14), so it was requested that they answer the survey according to their expectations, instead of inline with their experience.

It is also relevant to notice the number of male/female respondents compared against the total sample. This issue becomes particularly significant when evaluating the results against the Hostede MAS index.

As depicted in the following graphs; age, gender, sector of activity and sales experience were also considered to characterize the pre-tested sample.

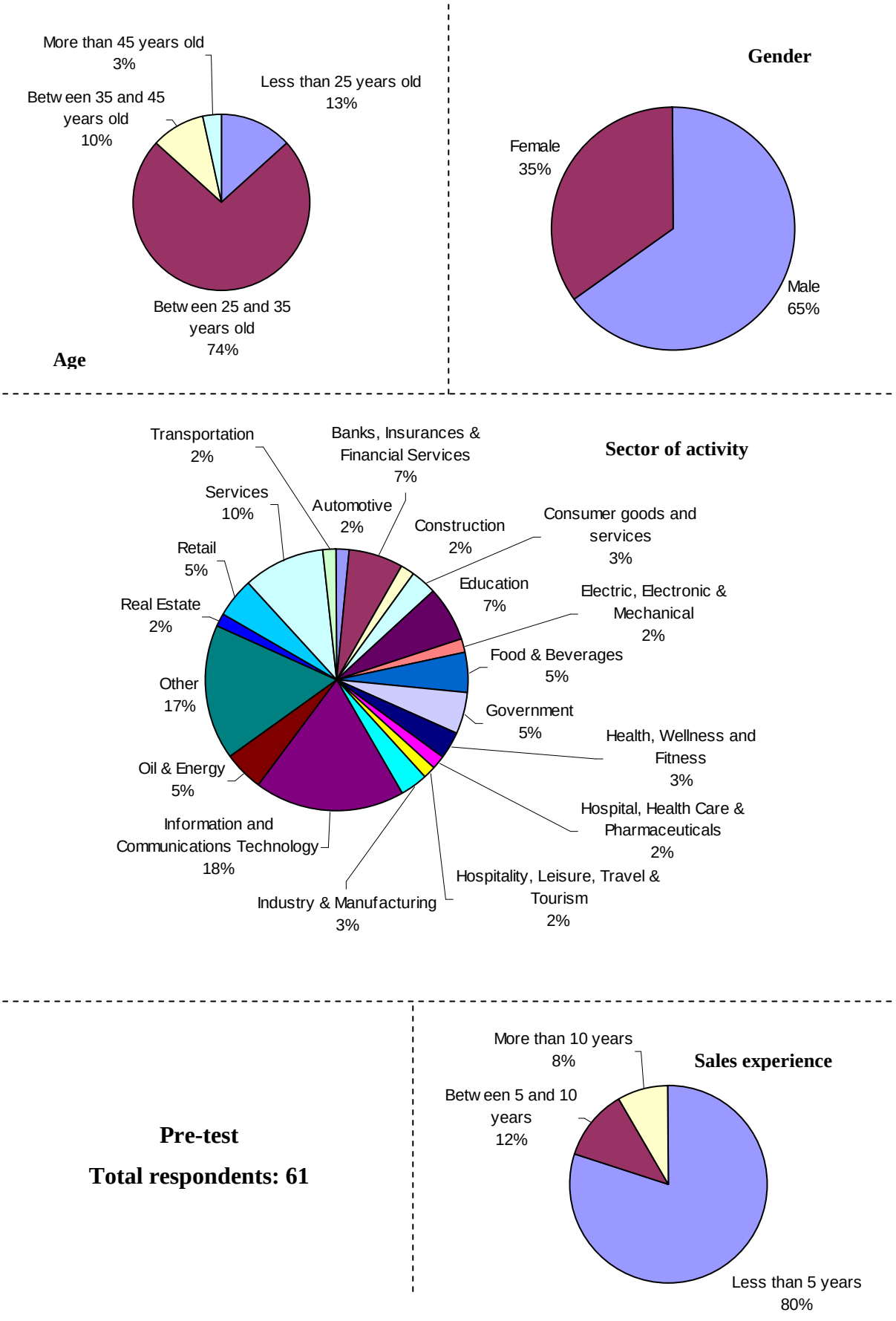


Figure 14 – Characteristics of the pre-tested sample

The purpose of pre-testing the survey was not to evaluate the hypotheses, but this was an important intermediate step before the final survey, in order to verify that the survey structure was relevant and properly designed to evaluate the hypotheses.

4.4. Characteristics of the sample

In order to obtain the data for the survey, a network of personal and professional contacts, as well as LinkedIn, were used to send more than 1600 personalized request messages. This procedure led to the following distribution of respondents by continent.

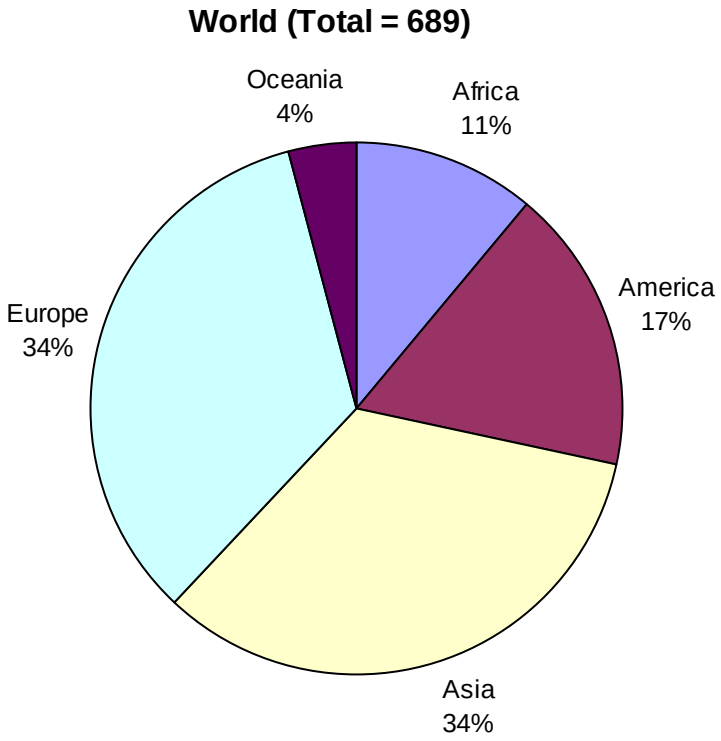


Figure 15 - Survey respondents - World distribution

A detailed view of each individual continent can be observed in the next graphs.

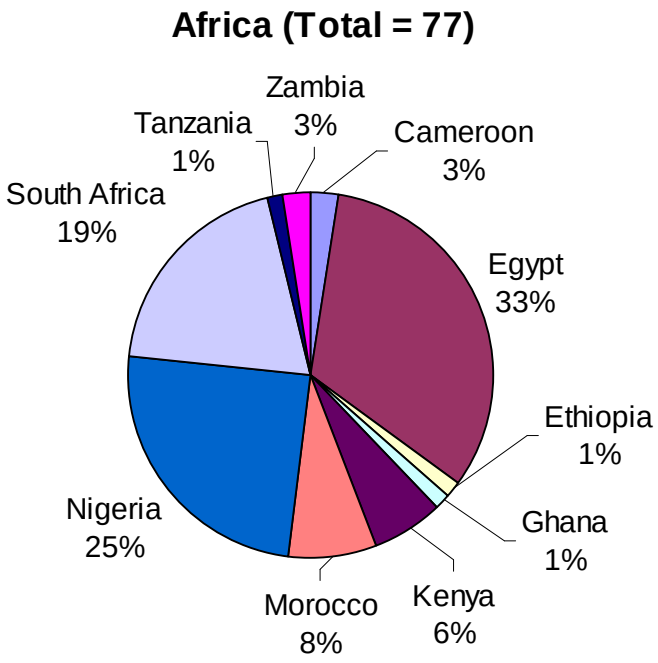


Figure 16 - Survey respondents – Distribution by Continent – Africa

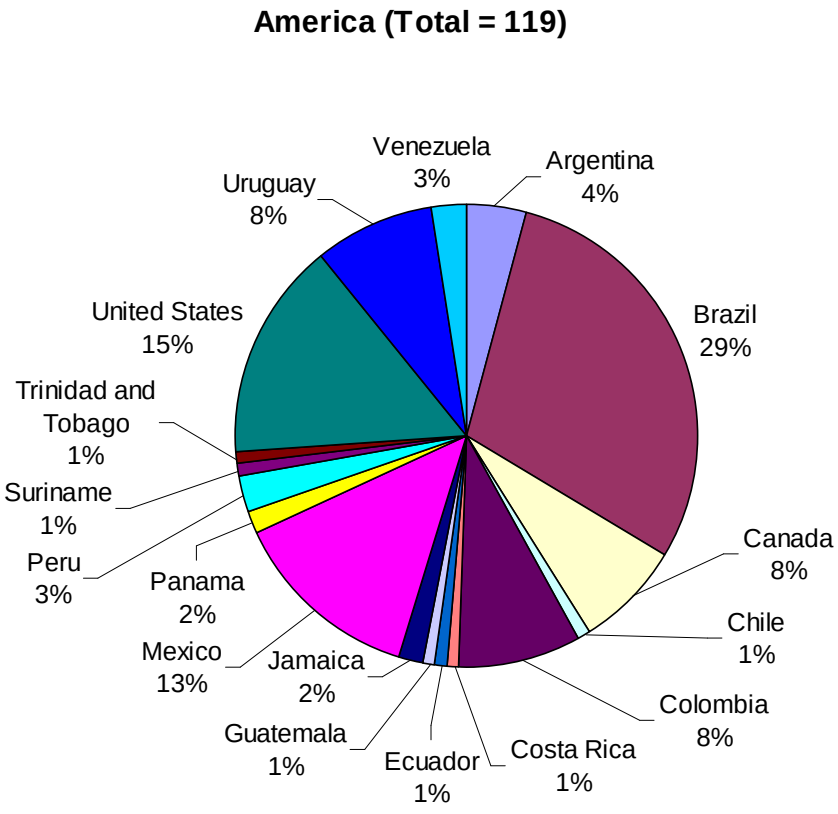


Figure 17 - Survey respondents – Distribution by Continent – America

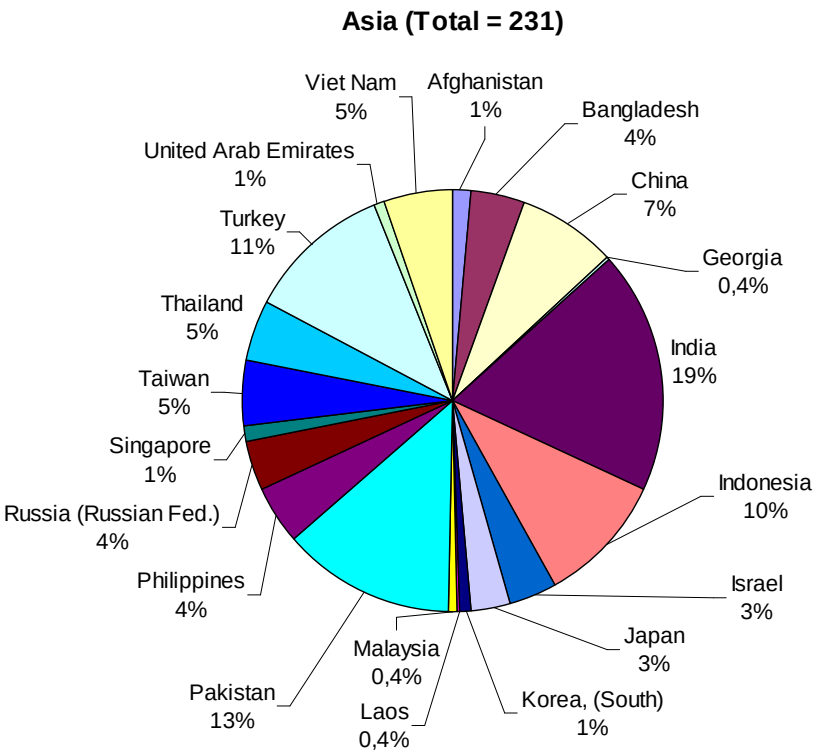


Figure 18 - Survey respondents – Distribution by Continent – Asia

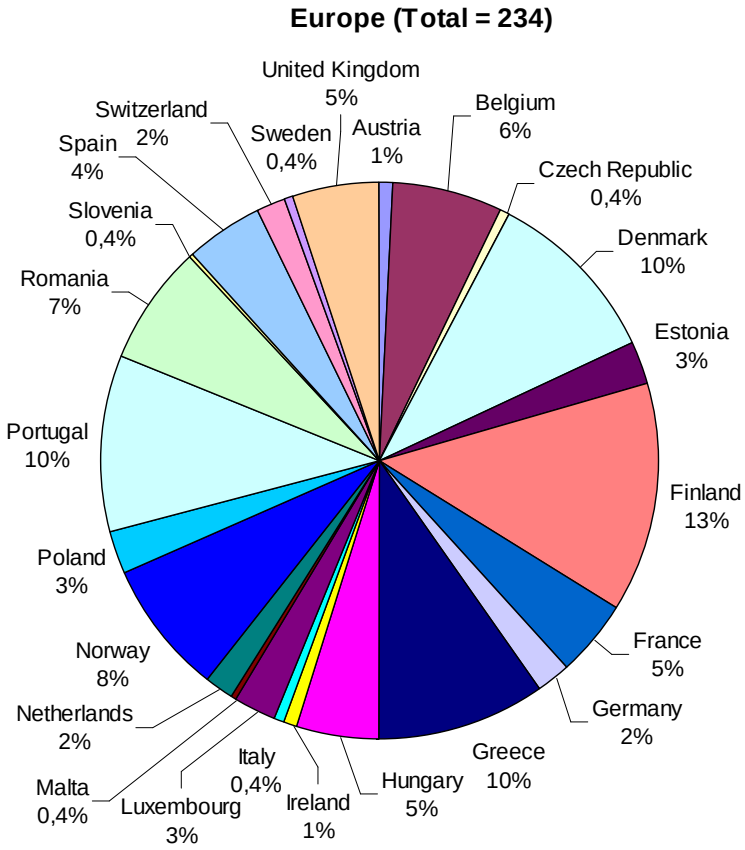


Figure 19 - Survey respondents – Distribution by Continent - Europe

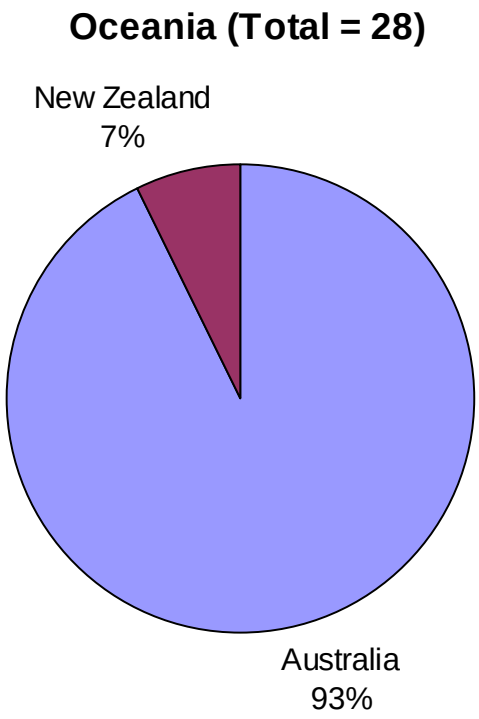


Figure 20 - Survey respondents – Distribution by Continent – Oceania

The following graph illustrates the countries with more respondents all over the world. It is important to notice that all the five continents are represented in this graph.

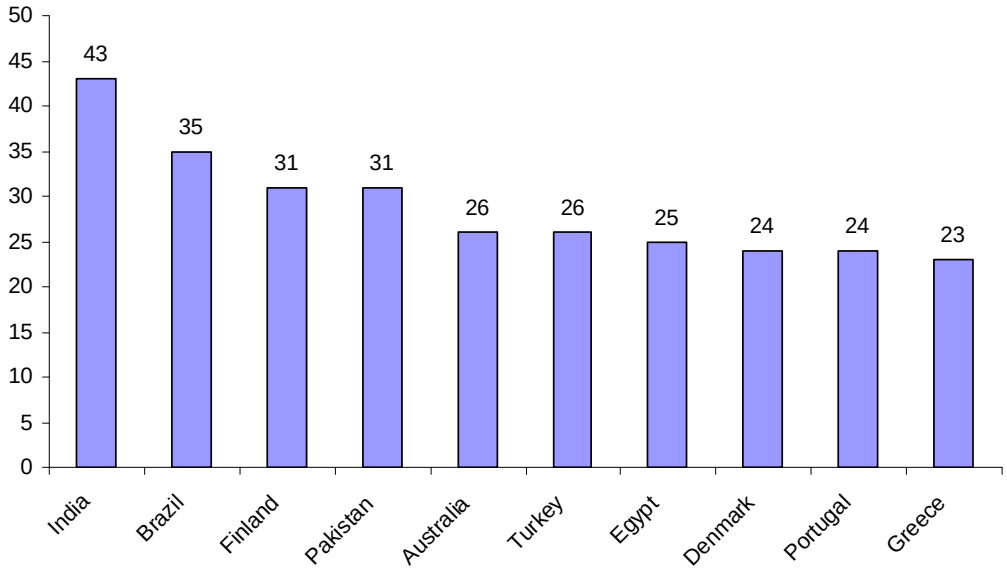


Figure 21 - World top ten respondent countries

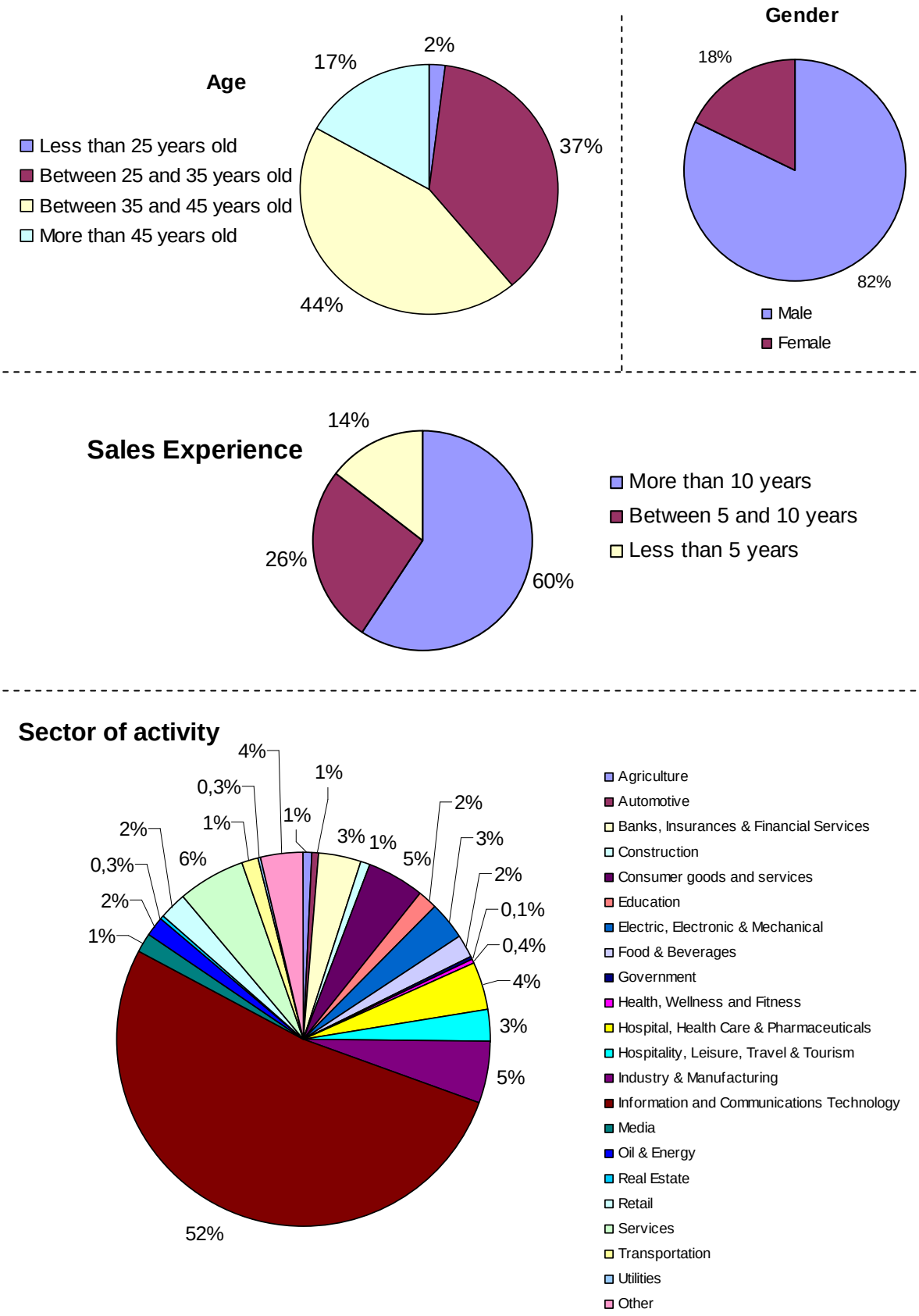


Figure 22 - Characteristics of the sample (Total = 689)

As it can be observed in the previous graphs, the sample obtained is characterized by a great variety of countries (78 in total), properly distributed around the globe.

Analyzing the top ten respondent countries (Figure 21), it can be noticed that India represents the country with the largest number of respondents (43), and all the five continents are represented in the world top ten respondents.

60% of the survey respondents have ten or more years of sales experience, and 98% of them are more than 25 old. In what respects to gender, 82% are male, and from the total sample, 52% work in the ICT sector.

In the sample, it is important to notice that, 86% of the respondents have more than 5 years of a sales activity, while 60% have in fact more than 10 years of sales experience.

Lastly, it becomes interesting to evaluate the average of each continent in the eight questions of the survey (Figure 23).

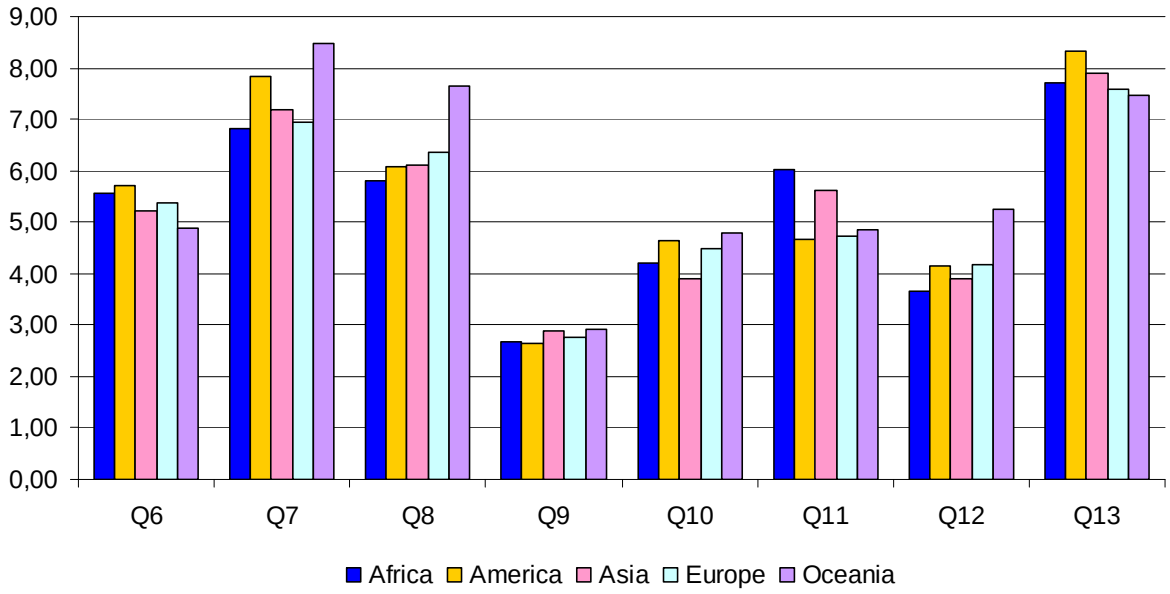


Figure 23 - Average by continent

5. Conclusions

It is important to notice the subjective nature of culture, in order to properly formulate the conclusions of this study. Although, several different studies have been conducted in this field, there is always space for a certain ambiguity in those studies, as it is in this one.

The vast study carried out by Geert Hofstede, is an unquestionable valuable source when comparing culture across countries. However, attention should be paid to do not over stereotype any culture, to the fact that there are sub-cultures within the national cultures, and also to the personality of the person that is part of a national culture. Therefore, culture does not have a concrete and well defined border. Consequently, the conclusions of this study were made based on the previous principle that culture encompasses a significant degree of subjectivity.

Based on the hypotheses initially stated (see chapter “3 - Problem statement and hypotheses”), a table was created with the expected sign of the relation between the variable that was being observed, and the matching index of Hofstede. The expected sign of the relation is linked to the way that the question was posed in the survey (see “ Annex 7 - Survey Sample”).

After an analysis of the survey results, it was possible to confirm some of the initial assumptions, and to identify new relations that were not initially predicted. A summary of the findings can be seen in the following table. In this table; the expected, found and unpredicted results are represented. A detailed view of these conclusions can be found in “Annex 9 - Survey findings (SPSS)”.

Question	Hypothesis	Variable	Question description	PDI			IDV			MAS			UAI		
				Expected	Found	Unexpected	Expected	Found	Unexpected	Expected	Found	Unexpected	Expected	Found	Unexpected
Q6	H1a	Variable Pay	What would be your preference: Receive a higher fixed salary or more variable remuneration (linked to the volume/margin of sales you have attained) ? *(More fixed <-> More variable (comissions))*	-	Not Significant										
	H1b						+	Not Significant							
	H1c												-	Not Significant	
	H1d									+	Not Significant				
Q7	H2a	Stock Options	As a salesperson, do you prefer to receive incentives in the form of "stock options" or in a monetary form ? *(Stock Options <-> Monetary Form)*	-	Not Significant										
	H2b												+	+	-
Q8	H3	Account ownership	While working for a company you enter a new account. If you move to another company, who in your opinion should keep the ownership of the account? *(My self <-> The previous company that I was working for)*	+	-				+						
Q9	H4	Input on quota settings	As a salesperson do you expect to participate in the definition of the accounts and targets that you are going to work on ? *(I should participate <-> My manager should define it)*	+	Not Significant				-						
Q10	H5	Team based rewards	Do you agree with team based rewards within sales teams ? *(Agree <-> Disagree)*				+	+							
Q11	H6	Promotion incentives	Do you prefer an immediate salary increase or a promotion ? *(Salary Increase <-> Promotion)*	+	+				-						
Q12	H7	Account development	Do you prefer to develop new accounts or working in the existing ones ? *(New Accounts <-> Existing Accounts)*						+				+	Not Significant	
Q13	H8	Time/family incentives	How do you value time/family incentives ? *(Not valuable <-> Valuable)*						-	-	Not Significant				

Table 13 - Final results

5.1. PDI

As it can be observed in the previous table, no significant results could be found in order to support any relevant relation between the Power Distance Index and the hypotheses H1a, H2a and H4.

In H3 (account ownership), it was expected that the perception that the account is owned by the company, was likely to be higher in countries with high PDI scores (see "3.3 - Account ownership"). However, the findings in the survey demonstrated the opposite. Apparently, countries with lower PDI scores, feel that the account belongs to the previous company that they were working for. The explanation for this, may be linked to the strong negative correlation between the PDI and the IDV (see "Annex 10 – Correlation between the Hofstede Indexes"). In fact, may be the individualist nature of the countries with lower PDI, that is underlying this result, as it will be observed in the results analysis for the IDV index.

The findings in the survey confirm the hypothesys H6, where countries with higher PDI scores, favor the promotion incentive.

5.2. IDV

For the hypotheses that were established in relation to IDV (H1b and H5), no significant results could be found in order to confirm H1b. However, evidences were found to confirm hypothesis H5, where individualist societies disagree with team based rewards.

Also interesting to notice, are the unpredicted relations that show up in the survey results, as observed in the previous table.

The first is the relation between IDV and question 8. Results show that individualist countries feel that the account should belong to the previous company. This demonstrates the weakness of links between individuals within a society. As soon as the salesperson leaves the company, it breaks any links that may exist with it.

Second, in question 9, large IDV cultures demonstrate a preference for participating in the definition of the accounts and targets that they are going to work on. Looking back to "Table 4 - Key differences between small and large IDV societies", the individualist nature of these cultures raises up, by demonstrating that the individual should have an active participation in these activities.

Higher IDV cultures also demonstrated their preference for an immediate salary increase instead of a promotion (question 11). As described in "2.1.2 - Types of incentives", a salary increase embraces less links to the company than a promotion. The later can be seen as

a long term commitment with the firm (and vice-versa, i.e., from the firm perspective, a promotion is also a long term commitment with the employee, while a salary increase is not).

The fourth unexpected result is related with question 12. Collectivist societies reveal a preference for working in new accounts, rather than in the existing ones. The result is inline with the values of cultures with lower IDV, as the salesperson has a sense of contribution to the group if he/she can bring value to the company by bringing new customers.

Finally, question 13 brought up the existing negative relation of individualism and the time/family incentives in sales activities (H8). This result is in direct opposition with the "work goals" defined by G. Hofstede (1997), where he states that the individualist pole would give more importance to "*have a job which leaves you sufficient time for your personal or family life"*. The findings in the survey reveal exactly the opposite in the particular case of sales people, as the individualist group did not demonstrate a preference for time/family incentives.

5.3. MAS

For the hypotheses H1d and H8 that were linked to MAS, no significant results could be found that can corroborate these hypotheses. It was expected a positive relation between masculinity and the increase in variable payment, as well as a negative relation between MAS and time/family incentives. However, no substantial results could be found in order to verify these expectations.

5.4. UAI

No significant results were found that could corroborate H1c and H7. In H1c, it was predicted a negative relation between uncertainty avoidance and the increase in variable pay, that could not be confirmed. While in H7, a positive relation was expected between the UAI and the preference for existing accounts, as these would presumably involve less risk.

H2b was confirmed by the survey results. As predicted, countries with high levels of uncertainty, demonstrate a preference for incentives in the monetary form instead of "stock options", as the later comprises a higher degree of risk.

An unpredicted relation between uncertainty avoidance and question 8, appeared in the survey results. The cultures with higher scores in the UAI, revealed that when a sales person leaves a company, the account should move with him/her. Taking the account with him/her,

would represent less risk for the sales representative in his/her new company. Therefore, this result, although not initially predicted, is inline with the values underlying cultures that avoid uncertainty.

5.5. General

The results summarized in the previous table, revealed the influence that culture has on the way that salespeople perceive the different type of incentives. The ten relations that could be established between sales incentives and the national culture of the salespeople, confirm the inherent importance of culture when designing incentives for the multinational sales force.

Applying a unique incentive plan around the world, could lead to a failure in the main goal of it – to keep the sales force motivated in pursuing the company objectives. Hence, companies should conceive their SIPs with a worldwide common base, in order to pursue the company objectives but, at the same time, space should be left in the plan, to adapt to the local cultures and values of each of the subsidiaries in the countries where the company operates.

6. Study limitations and future research

6.1. Study Limitations

Although an effort was made to overcome any possible limitations of this study, it is recognized that some constraints may have limited the scope of this research.

The Internet, even though widely spread and an excellent resource of knowledge, may had limited the scope of this study, as some regions of the globe (i.e. countries in development) do not use this resource as much they would like, as it may not be widely available. Also the use of online social networks is more frequent in some sectors of activity. For instances, the ICT sector is very well known for the use of "LinkedIN" while that may not be the case in other sectors. This effect can be observed in "Figure 22 - Characteristics of the sample", where the ICT sector counts for 52% in the entire sample.

The culture of the author of this study is mainly a European culture, which can be a limitation in the hypotheses design. A different culture would have led eventually to establish different hypotheses to explore.

6.2. Future research

Future research can be done in order to overcome the limitations of this study and expand its scope. It should be quite relevant if this study could be performed by someone from a non European culture and with a data source other than the online social networks, so additional value can be brought to the study.

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8. Annexes

8.1. Annex 1 - Geert Hofstede Index Scores by Country

Country	PDI	IDV	MAS	UAI	LTO
Arab World **	80	38	52	68	
Argentina	49	46	56	86	
Australia	36	90	61	51	31
Austria	11	55	79	70	
Bangladesh *	80	20	55	60	40
Belgium	65	75	54	94	
Brazil	69	38	49	76	65
Bulgaria *	70	30	40	85	
Canada	39	80	52	48	23
Chile	63	23	28	86	
China *	80	20	66	30	118
Colombia	67	13	64	80	
Costa Rica	35	15	21	86	
Czech Republic *	57	58	57	74	13
Denmark	18	74	16	23	
East Africa **	64	27	41	52	25
Ecuador	78	8	63	67	
El Salvador	66	19	40	94	
Estonia *	40	60	30	60	
Finland	33	63	26	59	
France	68	71	43	86	
Germany	35	67	66	65	31
Greece	60	35	57	112	
Guatemala	95	6	37	101	
Hong Kong	68	25	57	29	96
Hungary *	46	80	88	82	50
India	77	48	56	40	61
Indonesia	78	14	46	48	
Iran	58	41	43	59	
Ireland	28	70	68	35	
Israel	13	54	47	81	
Italy	50	76	70	75	
Jamaica	45	39	68	13	
Japan	54	46	95	92	80
Luxembourg *	40	60	50	70	
Malaysia	104	26	50	36	
Malta *	56	59	47	96	
Mexico	81	30	69	82	
Morocco *	70	46	53	68	

Netherlands	38	80	14	53	44
New Zealand	22	79	58	49	30
Norway	31	69	8	50	20
Pakistan	55	14	50	70	0
Panama	95	11	44	86	
Peru	64	16	42	87	
Philippines	94	32	64	44	19
Poland *	68	60	64	93	32
Portugal	63	27	31	104	
Romania *	90	30	42	90	
Russia *	93	39	36	95	
Singapore	74	20	48	8	48
Slovakia *	104	52	110	51	38
South Africa	49	65	63	49	
South Korea	60	18	39	85	75
Spain	57	51	42	86	
Surinam *	85	47	37	92	
Sweden	31	71	5	29	33
Switzerland	34	68	70	58	
Taiwan	58	17	45	69	87
Thailand	64	20	34	64	56
Trinidad *	47	16	58	55	
Turkey	66	37	45	85	
United Kingdom	35	89	66	35	25
United States	40	91	62	46	29
Uruguay	61	36	38	100	
Venezuela	81	12	73	76	
Vietnam *	70	20	40	30	80
West Africa	77	20	46	54	16

Source: ITIM International (2009)

* Estimated values

** Regional estimated values:

1. Arab World
    a. Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, United Arab Emirates
2. East Africa
    a. Ethiopia, Kenya, Tanzania, Zambia
3. West Africa
    a. Ghana, Nigeria, Sierra Leone

8.2. Annex 2 - Geert Hofstede Power Distance Index by Country

	Country	PDI			Country	PDI
1	Austria	11		35	Chile	63
2	Israel	13		36	Portugal	63
3	Denmark	18		37	East Africa **	64
4	New Zealand	22		38	Peru	64
5	Ireland	28		39	Thailand	64
6	Norway	31		40	Belgium	65
7	Sweden	31		41	El Salvador	66
8	Finland	33		42	Turkey	66
9	Switzerland	34		43	Colombia	67
10	Costa Rica	35		44	France	68
11	Germany	35		45	Hong Kong	68
12	United Kingdom	35		46	Poland *	68
13	Australia	36		47	Brazil	69
14	Netherlands	38		48	Bulgaria *	70
15	Canada	39		49	Morocco *	70
16	Estonia *	40		50	Vietnam *	70
17	Luxembourg *	40		51	Singapore	74
18	United States	40		52	India	77
19	Jamaica	45		53	West Africa	77
20	Hungary *	46		54	Ecuador	78
21	Trinidad *	47		55	Indonesia	78
22	Argentina	49		56	Arab World **	80
23	South Africa	49		57	Bangladesh *	80
24	Italy	50		58	China *	80
25	Japan	54		59	Mexico	81
26	Pakistan	55		60	Venezuela	81
27	Malta *	56		61	Surinam *	85
28	Czech Republic *	57		62	Romania *	90
29	Spain	57		63	Russia *	93
30	Iran	58		64	Philippines	94
31	Taiwan	58		65	Guatemala	95
32	Greece	60		66	Panama	95
33	South Korea	60		67	Malaysia	104
34	Uruguay	61		68	Slovakia *	104

8.3. Annex 3 - Geert Hofstede Individualism Index by Country

	Country	IDV			Country	IDV
1	Guatemala	6		35	Russia *	39
2	Ecuador	8		36	Iran	41
3	Panama	11		37	Argentina	46
4	Venezuela	12		38	Japan	46
5	Colombia	13		39	Morocco *	46
6	Indonesia	14		40	Surinam *	47
7	Pakistan	14		41	India	48
8	Costa Rica	15		42	Spain	51
9	Peru	16		43	Slovakia *	52
10	Trinidad *	16		44	Israel	54
11	Taiwan	17		45	Austria	55
12	South Korea	18		46	Czech Republic	58
13	El Salvador	19		47	Malta *	59
14	Bangladesh *	20		48	Estonia *	60
15	China *	20		49	Luxembourg *	60
16	Singapore	20		50	Poland *	60
17	Thailand	20		51	Finland	63
18	Vietnam *	20		52	South Africa	65
19	West Africa	20		53	Germany	67
20	Chile	23		54	Switzerland	68
21	Hong Kong	25		55	Norway	69
22	Malaysia	26		56	Ireland	70
23	East Africa	27		57	France	71
24	Portugal	27		58	Sweden	71
25	Bulgaria *	30		59	Denmark	74
26	Mexico	30		60	Belgium	75
27	Romania *	30		61	Italy	76
28	Philippines	32		62	New Zealand	79
29	Greece	35		63	Canada	80
30	Uruguay	36		64	Hungary *	80
31	Turkey	37		65	Netherlands	80
32	Arab World **	38		66	United	89
33	Brazil	38		67	Australia	90
34	Jamaica	39		68	United States	91

8.4. Annex 4 - Geert Hofstede Masculinity Index by Country

	Country	MAS		Country	MAS
1	Sweden	5	35	Malaysia	50
2	Norway	8	36	Pakistan	50
3	Netherlands	14	37	Arab World **	52
4	Denmark	16	38	Canada	52
5	Costa Rica	21	39	Morocco *	53
6	Finland	26	40	Belgium	54
7	Chile	28	41	Bangladesh *	55
8	Estonia *	30	42	Argentina	56
9	Portugal	31	43	India	56
10	Thailand	34	44	Czech	57
11	Russia *	36	45	Greece	57
12	Guatemala	37	46	Hong Kong	57
13	Surinam *	37	47	New Zealand	58
14	Uruguay	38	48	Trinidad *	58
15	South Korea	39	49	Australia	61
16	Bulgaria *	40	50	United States	62
17	El Salvador	40	51	Ecuador	63
18	Vietnam *	40	52	South Africa	63
19	East Africa **	41	53	Colombia	64
20	Peru	42	54	Philippines	64
21	Romania *	42	55	Poland *	64
22	Spain	42	56	China *	66
23	France	43	57	Germany	66
24	Iran	43	58	United	66
25	Panama	44	59	Ireland	68
26	Taiwan	45	60	Jamaica	68
27	Turkey	45	61	Mexico	69
28	Indonesia	46	62	Italy	70
29	West Africa	46	63	Switzerland	70
30	Israel	47	64	Venezuela	73
31	Malta *	47	65	Austria	79
32	Singapore	48	66	Hungary *	88
33	Brazil	49	67	Japan	95
34	Luxembourg *	50	68	Slovakia *	110

8.5. Annex 5 - Geert Hofstede Uncertainty Avoidance Index by Country

	Country	UAI			Country	UAI
1	Singapore	8		35	Taiwan	69
2	Jamaica	13		36	Austria	70
3	Denmark	23		37	Luxembourg *	70
4	Hong Kong	29		38	Pakistan	70
5	Sweden	29		39	Czech Republic *	74
6	China *	30		40	Italy	75
7	Vietnam *	30		41	Brazil	76
8	Ireland	35		42	Venezuela	76
9	United Kingdom	35		43	Colombia	80
10	Malaysia	36		44	Israel	81
11	India	40		45	Hungary *	82
12	Philippines	44		46	Mexico	82
13	United States	46		47	Bulgaria *	85
14	Canada	48		48	South Korea	85
15	Indonesia	48		49	Turkey	85
16	New Zealand	49		50	Argentina	86
17	South Africa	49		51	Chile	86
18	Norway	50		52	Costa Rica	86
19	Australia	51		53	France	86
20	Slovakia *	51		54	Panama	86
21	East Africa **	52		55	Spain	86
22	Netherlands	53		56	Peru	87
23	West Africa	54		57	Romania *	90
24	Trinidad *	55		58	Japan	92
25	Switzerland	58		59	Surinam *	92
26	Finland	59		60	Poland *	93
27	Iran	59		61	Belgium	94
28	Bangladesh *	60		62	El Salvador	94
29	Estonia *	60		63	Russia *	95
30	Thailand	64		64	Malta *	96
31	Germany	65		65	Uruguay	100
32	Ecuador	67		66	Guatemala	101
33	Arab World **	68		67	Portugal	104
34	Morocco *	68		68	Greece	112

8.6. Annex 6 - Country Abbreviations

Country	Abbreviation		Country	Abbreviation
Arab World	ArW		Luxembourg	LUX
Argentina	ARG		Malaysia	MYS
Australia	AUS		Malta	MLT
Austria	AUT		Mexico	MEX
Bangladesh	BGD		Morocco	MAR
Belgium	BEL		Netherlands	NLD
Brazil	BRA		New Zealand	NZL
Bulgaria	BGR		Norway	NOR
Canada	CAN		Pakistan	PAK
Chile	CHL		Panama	PAN
China	CHN		Peru	PER
Colombia	COL		Philippines	PHL
Costa Rica	CRI		Poland	POL
Czech Republic	CZE		Portugal	PRT
Denmark	DNK		Romania	ROM
East Africa	eAFR		Russia	RUS
Ecuador	ECU		Singapore	SGP
El Salvador	SLV		Slovakia	SVK
Estonia	EST		South Africa	ZAF
Finland	FIN		South Korea	KOR
France	FRA		Spain	ESP
Germany	DEU		Surinam	SUR
Greece	GRC		Sweden	SWE
Guatemala	GTM		Switzerland	CHE
Hong Kong	HKG		Taiwan	TWN
Hungary	HUN		Thailand	THA
India	IND		Trinidad	TTO
Indonesia	IDN		Turkey	TUR
Iran	IRN		United Kingdom	GBR
Ireland	IRL		United States	USA
Israel	ISR		Uruguay	URY
Italy	ITA		Venezuela	VEN
Jamaica	JAM		Vietnam	VNM
Japan	JPN		West Africa	wAFR

Source: United Nations (2009)

8.7. Annex 7 - Survey Sample

The survey constructed to get the data, is available at:

http://spreadsheets.google.com/viewform?formkey=cks0VnN3NDZzVUNDdlNyNjRpWTVfemc6MA..

A sample of the survey is provided bellow.

Sales Compensation Survey

Thanks for your time to fill this questionnaire. The estimated time for completion is five minutes.
Results will only be used for the purpose of this study and under the MIM program (more information at http://ibs.iscte.org/international/master/international/en)

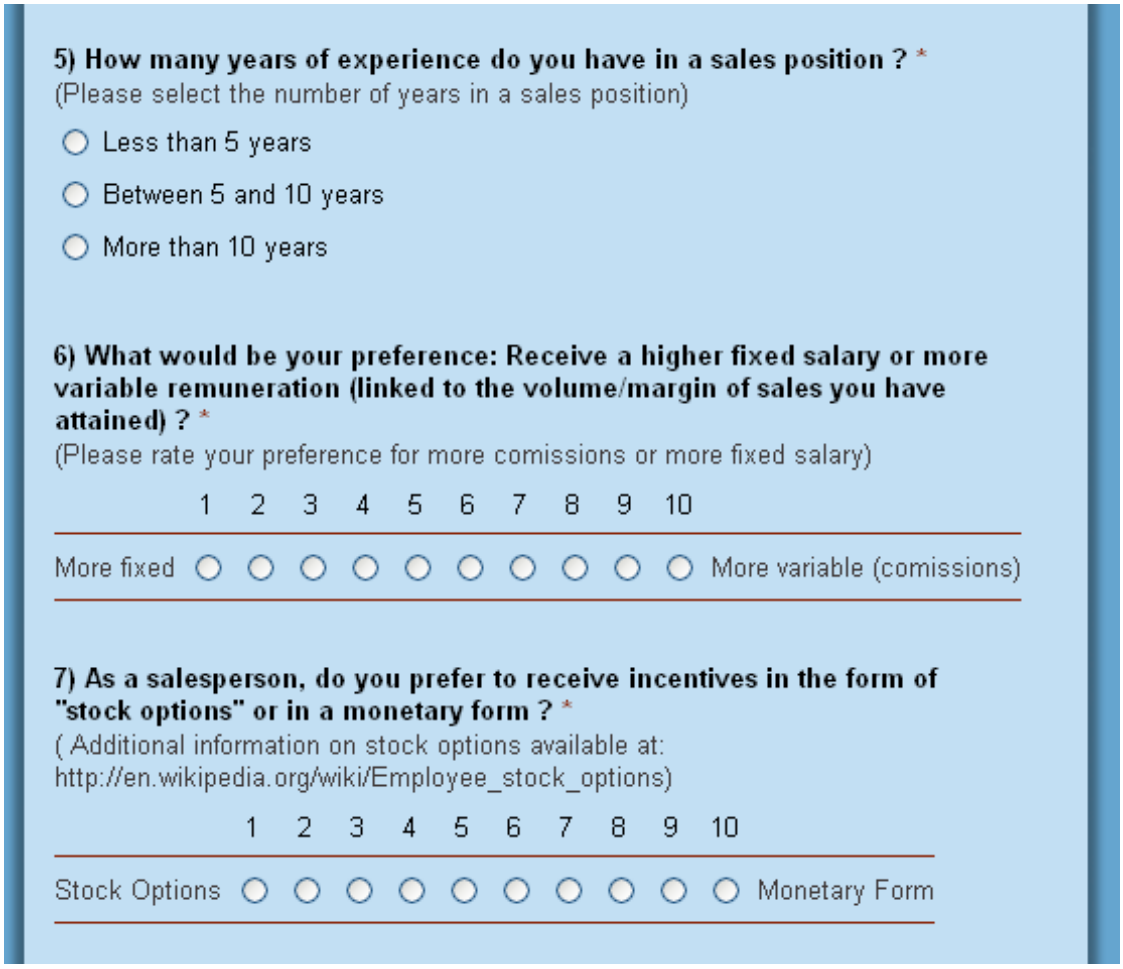
*Obrigatório

1) Country or Region *
(Please select the country where you have lived most of your life. If you had lived in more than one country, please selected the one to which you most identify yourself with, in terms of culture and values)
Afghanistan

2) Gender *
Male

3) Age *
- Less than 25 years old
- Between 25 and 35 years old
- Between 35 and 45 years old
- More than 45 years old

4) Sector of activity *
(Please let us know what is your primary sector of activity)
Agriculture



5) How many years of experience do you have in a sales position ? *
(Please select the number of years in a sales position)

- ○ Less than 5 years
- ○ Between 5 and 10 years
- ○ More than 10 years

6) What would be your preference: Receive a higher fixed salary or more variable remuneration (linked to the volume/margin of sales you have attained) ? *
(Please rate your preference for more comissions or more fixed salary)

	1	2	3	4	5	6	7	8	9	10	
More fixed	○	○	○	○	○	○	○	○	○	○	More variable (comissions)

7) As a salesperson, do you prefer to receive incentives in the form of "stock options" or in a monetary form ? *
(Additional information on stock options available at:
http://en.wikipedia.org/wiki/Employee_stock_options)

	1	2	3	4	5	6	7	8	9	10	
Stock Options	○	○	○	○	○	○	○	○	○	○	Monetary Form

8) While working for a company you enter a new account. If you move to another company, who in your opinion should keep the ownership of the account? *

(Please let us know your perception about who owns the account that you have entered, in case you move to another company)

	1	2	3	4	5	6	7	8	9	10	
My self	○	○	○	○	○	○	○	○	○	○	The previous company that I was working for

9) As a salesperson do you expect to participate in the definition of the accounts and targets that you are going to work on ? *

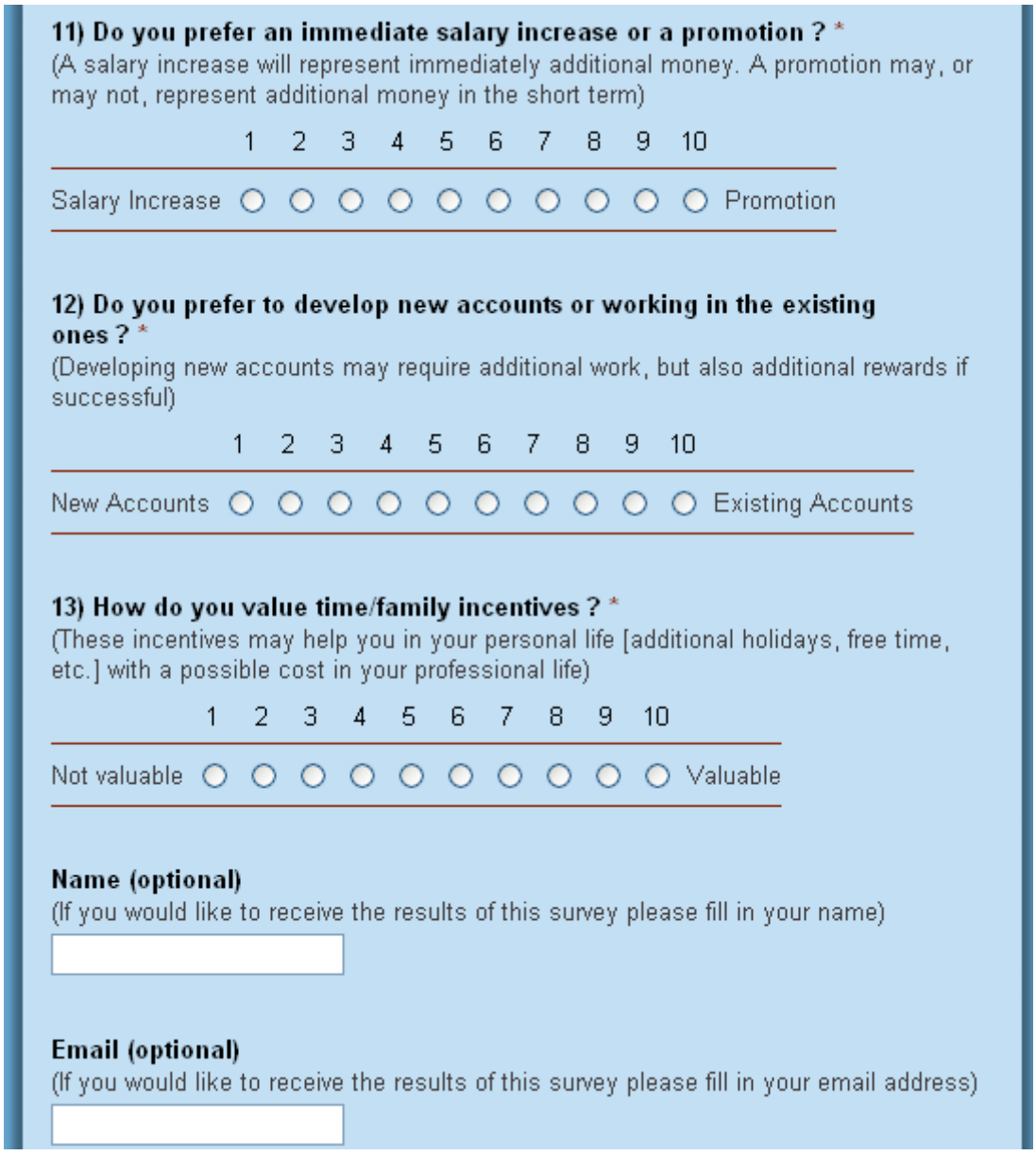
(The sales manager can define the accounts and the financial objectives for any sales person of his/her team without consulting the team. Please let us know your expectations)

	1	2	3	4	5	6	7	8	9	10	
I should participate	○	○	○	○	○	○	○	○	○	○	My manager should define it

10) Do you agree with team based rewards within sales teams ? *

(In sales teams, compensation for sales can be given to the team or to the individual. Please let us know what would be your preference)

	1	2	3	4	5	6	7	8	9	10	
Agree	○	○	○	○	○	○	○	○	○	○	Disagree



11) Do you prefer an immediate salary increase or a promotion ? *
(A salary increase will represent immediately additional money. A promotion may, or may not, represent additional money in the short term)

	1	2	3	4	5	6	7	8	9	10	
Salary Increase	○	○	○	○	○	○	○	○	○	○	Promotion

12) Do you prefer to develop new accounts or working in the existing ones ? *
(Developing new accounts may require additional work, but also additional rewards if successful)

	1	2	3	4	5	6	7	8	9	10	
New Accounts	○	○	○	○	○	○	○	○	○	○	Existing Accounts

13) How do you value time/family incentives ? *
(These incentives may help you in your personal life [additional holidays, free time, etc.] with a possible cost in your professional life)

	1	2	3	4	5	6	7	8	9	10	
Not valuable	○	○	○	○	○	○	○	○	○	○	Valuable

Name (optional)
(If you would like to receive the results of this survey please fill in your name)

Email (optional)
(If you would like to receive the results of this survey please fill in your email address)

8.8. Annex 8 - Hofstede ranks by country

	PDI		IDV		MAS		UAI	
Country	Original	Rank	Original	Rank	Original	Rank	Original	Rank
Arab World	80	High	38	Low	52	Amb	68	Amb
Argentina	49	Low	46	High	56	High	86	High
Australia	36	Low	90	High	61	High	51	Low
Austria	11	Low	55	High	79	High	70	High
Bangladesh	80	High	20	Low	55	High	60	Low
Belgium	65	High	75	High	54	High	94	High
Brazil	69	High	38	Low	49	Amb	76	High
Bulgaria	70	High	30	Low	40	Low	85	High
Canada	39	Low	80	High	52	Amb	48	Low
Chile	63	High	23	Low	28	Low	86	High
China	80	High	20	Low	66	High	30	Low
Colombia	67	High	13	Low	64	High	80	High
Costa Rica	35	Low	15	Low	21	Low	86	High
Czech Republic	57	Low	58	High	57	High	74	High
Denmark	18	Low	74	High	16	Low	23	Low
East Africa	64	High	27	Low	41	Low	52	Low
Ecuador	78	High	8	Low	63	High	67	Amb
El Salvador	66	High	19	Low	40	Low	94	High
Estonia	40	Low	60	High	30	Low	60	Low
Finland	33	Low	63	High	26	Low	59	Low
France	68	High	71	High	43	Low	86	High
Germany	35	Low	67	High	66	High	65	Amb
Greece	60	Amb	35	Low	57	High	112	High
Guatemala	95	High	6	Low	37	Low	101	High
Hong Kong	68	High	25	Low	57	High	29	Low
Hungary	46	Low	80	High	88	High	82	High
India	77	High	48	High	56	High	40	Low
Indonesia	78	High	14	Low	46	Low	48	Low
Iran	58	Amb	41	Low	43	Low	59	Low
Ireland	28	Low	70	High	68	High	35	Low
Israel	13	Low	54	High	47	Low	81	High
Italy	50	Low	76	High	70	High	75	High
Jamaica	45	Low	39	Low	68	High	13	Low
Japan	54	Low	46	High	95	High	92	High
Luxembourg	40	Low	60	High	50	Amb	70	High
Malaysia	104	High	26	Low	50	Amb	36	Low
Malta	56	Low	59	High	47	Low	96	High
Mexico	81	High	30	Low	69	High	82	High
Morocco	70	High	46	High	53	High	68	Amb

Netherlands	38	Low	80	High	14	Low	53	Low
New Zealand	22	Low	79	High	58	High	49	Low
Norway	31	Low	69	High	8	Low	50	Low
Pakistan	55	Low	14	Low	50	Amb	70	High
Panama	95	High	11	Low	44	Low	86	High
Peru	64	High	16	Low	42	Low	87	High
Philippines	94	High	32	Low	64	High	44	Low
Poland	68	High	60	High	64	High	93	High
Portugal	63	High	27	Low	31	Low	104	High
Romania	90	High	30	Low	42	Low	90	High
Russia (Russian Fed.)	93	High	39	Low	36	Low	95	High
Singapore	74	High	20	Low	48	Low	8	Low
Slovakia	104	High	52	High	110	High	51	Low
South Africa	49	Low	65	High	63	High	49	Low
Korea (South)	60	Amb	18	Low	39	Low	85	High
Spain	57	Low	51	High	42	Low	86	High
Surinam	85	High	47	High	37	Low	92	High
Sweden	31	Low	71	High	5	Low	29	Low
Switzerland	34	Low	68	High	70	High	58	Low
Taiwan	58	Amb	17	Low	45	Low	69	Amb
Thailand	64	High	20	Low	34	Low	64	Amb
Trinidad	47	Low	16	Low	58	High	55	Low
Turkey	66	High	37	Low	45	Low	85	High
United Kingdom	35	Low	89	High	66	High	35	Low
United States	40	Low	91	High	62	High	46	Low
Uruguay	61	Amb	36	Low	38	Low	100	High
Venezuela	81	High	12	Low	73	High	76	High
Viet nam	70	High	20	Low	40	Low	30	Low
West Africa	77	High	20	Low	46	Low	54	Low
Yugoslavia	76	High	27	Low	21	Low	88	High

	PDI		**IDV**		**MAS**		**UAI**	
Country	Original	Rank	Original	Rank	Original	Rank	Original	Rank
Afghanistan		*Undf*		*Undf*		*Undf*		*Undf*
Cameroon	77	High	20	Low	46	Low	54	Low
Egypt	80	High	38	Low	52	Amb	68	Amb
Ethiopia	64	High	27	Low	41	Low	52	Low
Georgia		*Undf*		*Undf*		*Undf*		*Undf*
Ghana	77	High	20	Low	46	Low	54	Low
Kenya	64	High	27	Low	41	Low	52	Low

Lao People's Democ. Rep.		*Undf*		*Undf*		*Undf*		*Undf*
Nigeria	77	High	20	Low	46	Low	54	Low
Slovenia	76	High	27	Low	21	Low	88	High
Tanzania	64	High	27	Low	41	Low	52	Low
Trinidad and Tobago		*Undf*		*Undf*		*Undf*		*Undf*
United Arab Emirates	80	High	38	Low	52	Amb	68	Amb
Zambia	64	High	27	Low	41	Low	52	Low

8.9. Annex 9 - Survey findings (SPSS)

8.9.1. Relation with PDI

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
										95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
H1abcd	Equal variances assumed	,016	,898	1,526	635	,128	,310	,203	-,089	,710
	Equal variances not assumed			1,528	564,209	,127	,310	,203	-,089	,710
H2ab	Equal variances assumed	,207	,649	-,247	635	,805	-,051	,206	-,455	,353
	Equal variances not assumed			-,247	563,224	,805	-,051	,206	-,455	,353
H3	Equal variances assumed	6,040	,014	-3,072	635	,002	-,774	,252	-1,269	-,279
	Equal variances not assumed			-3,118	589,581	,002	-,774	,248	-1,262	-,286
H4	Equal variances assumed	4,697	,031	1,608	635	,108	,275	,171	-,061	,612
	Equal variances not assumed			1,636	592,959	,102	,275	,168	-,055	,606
H5	Equal variances assumed	,023	,879	-1,357	635	,175	-,315	,232	-,771	,141
	Equal variances not assumed			-1,364	571,847	,173	-,315	,231	-,769	,139
H6	Equal variances assumed	,551	,458	2,700	635	,007	,637	,236	,174	1,101
	Equal variances not assumed			2,716	573,616	,007	,637	,235	,176	1,098
H7	Equal variances assumed	,009	,926	-1,620	635	,106	-,295	,182	-,653	,063
	Equal variances not assumed			-1,622	564,201	,105	-,295	,182	-,653	,062
H8	Equal variances assumed	,194	,660	1,231	635	,219	,223	,181	-,133	,578
	Equal variances not assumed			1,225	552,668	,221	,223	,182	-,134	,580

Group Statistics

	PDI	N	Mean	Std. Deviation	Std. Error Mean
H1abcd	High	375	5,53	2,534	,131
	Low	262	5,22	2,516	,155
H2ab	High	375	7,25	2,561	,132
	Low	262	7,30	2,550	,158
H3	High	375	5,90	3,235	,167
	Low	262	6,68	2,975	,184
H4	High	375	2,87	2,207	,114
	Low	262	2,60	2,007	,124
H5	High	375	4,17	2,919	,151
	Low	262	4,49	2,835	,175
H6	High	375	5,44	2,972	,153
	Low	262	4,81	2,872	,177
H7	High	375	3,94	2,271	,117
	Low	262	4,24	2,255	,139
H8	High	375	7,94	2,223	,115
	Low	262	7,72	2,280	,141

8.9.2. Relation with IDV

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
H1abcd	Equal variances assumed	1,450	,229	-1,347	681	,179	-,258	,192	-,635	,118
	Equal variances not assumed			-1,355	671,925	,176	-,258	,191	-,633	,116
H2ab	Equal variances assumed	1,476	,225	,520	681	,603	,102	,196	-,283	,488
	Equal variances not assumed			,523	669,210	,601	,102	,195	-,282	,486
H3	Equal variances assumed	1,848	,174	3,977	681	,000	,946	,238	,479	1,412
	Equal variances not assumed			3,997	669,426	,000	,946	,237	,481	1,410
H4	Equal variances assumed	4,541	,033	-2,039	681	,042	-,330	,162	-,647	-,012
	Equal variances not assumed			-2,052	672,271	,041	-,330	,161	-,645	-,014
H5	Equal variances assumed	,375	,541	1,869	681	,062	,412	,220	-,021	,844
	Equal variances not assumed			1,877	668,141	,061	,412	,219	-,019	,842
H6	Equal variances assumed	,684	,409	-3,206	681	,001	-,713	,222	-1,149	-,276
	Equal variances not assumed			-3,216	665,836	,001	-,713	,222	-1,148	-,278
H7	Equal variances assumed	,656	,418	2,567	681	,010	,442	,172	,104	,779
	Equal variances not assumed			2,556	646,439	,011	,442	,173	,102	,781
H8	Equal variances assumed	11,194	,001	-3,534	681	,000	-,600	,170	-,934	-,267
	Equal variances not assumed			-3,486	614,004	,001	-,600	,172	-,938	-,262

Group Statistics

	IDV	N	Mean	Std. Deviation	Std. Error Mean
H1abcd	High	310	5,23	2,401	,136
	Low	373	5,49	2,573	,133
H2ab	High	310	7,29	2,481	,141
	Low	373	7,18	2,615	,135
H3	High	310	6,73	3,001	,170
	Low	373	5,78	3,168	,164
H4	High	310	2,60	2,021	,115
	Low	373	2,93	2,171	,112
H5	High	310	4,52	2,791	,159
	Low	373	4,10	2,925	,151
H6	High	310	4,78	2,837	,161
	Low	373	5,49	2,937	,152
H7	High	310	4,31	2,294	,130
	Low	373	3,87	2,191	,113
H8	High	310	7,51	2,384	,135
	Low	373	8,11	2,055	,106

8.9.3. Relation with MAS

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
H1abcd	Equal variances assumed	,715	,398	,018	572	,986	,004	,209	-,407	,414
	Equal variances not assumed			,018	569,845	,986	,004	,208	-,406	,413
H2ab	Equal variances assumed	,125	,724	,728	572	,467	,158	,218	-,269	,586
	Equal variances not assumed			,728	566,099	,467	,158	,218	-,269	,586
H3	Equal variances assumed	,062	,804	-,262	572	,793	-,068	,260	-,580	,443
	Equal variances not assumed			-,262	565,815	,793	-,068	,260	-,580	,443
H4	Equal variances assumed	,224	,637	,203	572	,839	,036	,176	-,310	,382
	Equal variances not assumed			,203	563,680	,839	,036	,176	-,311	,382
H5	Equal variances assumed	1,157	,283	,699	572	,485	,167	,239	-,303	,637
	Equal variances not assumed			,697	560,780	,486	,167	,240	-,304	,638
H6	Equal variances assumed	,623	,430	-1,066	572	,287	-,258	,242	-,733	,217
	Equal variances not assumed			-1,068	568,357	,286	-,258	,242	-,732	,217
H7	Equal variances assumed	1,631	,202	1,155	572	,249	,219	,190	-,153	,592
	Equal variances not assumed			1,151	555,986	,250	,219	,190	-,155	,593
H8	Equal variances assumed	,062	,804	1,449	572	,148	,270	,186	-,096	,635
	Equal variances not assumed			1,449	565,328	,148	,270	,186	-,096	,635

Group Statistics

	MAS	N	Mean	Std. Deviation	Std. Error Mean
H1abcd	High	272	5,44	2,441	,148
	Low	302	5,43	2,549	,147
H2ab	High	272	7,19	2,599	,158
	Low	302	7,04	2,606	,150
H3	High	272	6,31	3,114	,189
	Low	302	6,38	3,115	,179
H4	High	272	2,83	2,126	,129
	Low	302	2,79	2,091	,120
H5	High	272	4,45	2,915	,177
	Low	302	4,28	2,810	,162
H6	High	272	4,97	2,856	,173
	Low	302	5,23	2,927	,168
H7	High	272	4,24	2,346	,142
	Low	302	4,02	2,198	,126
H8	High	272	7,92	2,231	,135
	Low	302	7,65	2,223	,128

8.9.4. Relation with UAI

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
										95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
H1abcd	Equal variances assumed	5,554	,019	-1,744	621	,082	-,352	,202	-,747	,044	
	Equal variances not assumed			-1,750	620,987	,081	-,352	,201	-,746	,043	
H2ab	Equal variances assumed	9,162	,003	2,493	621	,013	,508	,204	,108	,909	
	Equal variances not assumed			2,507	618,724	,012	,508	,203	,110	,907	
H3	Equal variances assumed	,422	,516	-5,259	621	,000	-1,298	,247	-1,783	-,813	
	Equal variances not assumed			-5,253	614,180	,000	-1,298	,247	-1,783	-,813	
H4	Equal variances assumed	,221	,638	-,128	621	,898	-,022	,172	-,359	,315	
	Equal variances not assumed			-,128	620,886	,898	-,022	,171	-,358	,314	
H5	Equal variances assumed	,592	,442	-,256	621	,798	-,059	,230	-,510	,393	
	Equal variances not assumed			-,256	619,496	,798	-,059	,230	-,510	,392	
H6	Equal variances assumed	2,276	,132	-1,188	621	,235	-,279	,235	-,740	,182	
	Equal variances not assumed			-1,190	619,910	,235	-,279	,235	-,740	,182	
H7	Equal variances assumed	,120	,729	-,641	621	,522	-,116	,180	-,470	,239	
	Equal variances not assumed			-,642	620,142	,521	-,116	,180	-,470	,238	
H8	Equal variances assumed	3,816	,051	-,257	621	,797	-,047	,181	-,402	,309	
	Equal variances not assumed			-,256	602,575	,798	-,047	,182	-,404	,310	

Group Statistics

	UAI	N	Mean	Std. Deviation	Std. Error Mean
H1abcd	High	299	5,24	2,400	,139
	Low	324	5,60	2,613	,145
H2ab	High	299	7,51	2,351	,136
	Low	324	7,00	2,708	,150
H3	High	299	5,54	3,118	,180
	Low	324	6,84	3,041	,169
H4	High	299	2,80	2,065	,119
	Low	324	2,82	2,208	,123
H5	High	299	4,28	2,821	,163
	Low	324	4,34	2,911	,162
H6	High	299	5,06	2,871	,166
	Low	324	5,34	2,983	,166
H7	High	299	4,02	2,200	,127
	Low	324	4,14	2,297	,128
H8	High	299	7,80	2,368	,137
	Low	324	7,84	2,153	,120

8.10. Annex 10 – Correlation between the Hofstede Indexes

Correlations

		PDI	IDV	MAS	UAI
PDI	Pearson Correlation	1	-,614**	,111	,203
	Sig. (2-tailed)		,000	,362	,095
	N	69	69	69	69
IDV	Pearson Correlation	-,614**	1	,115	-,195
	Sig. (2-tailed)	,000		,347	,108
	N	69	69	69	69
MAS	Pearson Correlation	,111	,115	1	-,060
	Sig. (2-tailed)	,362	,347		,623
	N	69	69	69	69
UAI	Pearson Correlation	,203	-,195	-,060	1
	Sig. (2-tailed)	,095	,108	,623	
	N	69	69	69	69

**. Correlation is significant at the 0.01 level (2-tailed).

Correlations

			PDI	IDV	MAS	UAI
Spearman's rho	PDI	Correlation Coefficient	1,000	-,596**	-,008	,213
		Sig. (2-tailed)	.	,000	,945	,079
		N	69	69	69	69
	IDV	Correlation Coefficient	-,596**	1,000	,176	-,211
		Sig. (2-tailed)	,000	.	,149	,081
		N	69	69	69	69
	MAS	Correlation Coefficient	-,008	,176	1,000	-,207
		Sig. (2-tailed)	,945	,149	.	,087
		N	69	69	69	69
	UAI	Correlation Coefficient	,213	-,211	-,207	1,000
		Sig. (2-tailed)	,079	,081	,087	.
		N	69	69	69	69

**. Correlation is significant at the 0.01 level (2-tailed).

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