

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction.

This chapter is primarily devoted to discuss and outline the literature on motivation and the challenge of the employees in general. The starting point of this chapter is to present the meanings of motivation and the theories related to motivation. The second section will discuss about the various theories of motivation and how it is different, following part will explain about the challenge of the oversea Indonesian worker in Laos and the last part will be discussed about the characteristics and the working conditions in the mining company in Laos.

2.2 Overview of Motivation.

Motivation is defined as the act or process of giving someone a reason for doing something. Synonyms of motivation include impetus, boost, encouragement, goad, incentive, stimulant, impulse, and provocation (Heathfield, 2013). Motivation is a psychological process (Tella, 2007) through which unsatisfied wants or needs lead to drives that are aimed at goals or incentives. A person with an unsatisfied need will undertake goal-directed behavior to satisfy the need (Armstrong, 2014). Motivation can be “defined as purposeful behavior that is ultimately directed toward a fundamental goal...” which “may be measured in terms of individual difference in covarying categories of behaviors and interest” (Bernard et al., 2005). Motivation is the very foundation for inspiring people to

give their best, whether a personal level or on a professional (Adler, 2008). Motivation can emanate from within an employee with a passion and desire to work and produce results (Badubi, 2017). Motivation is also explained as a desire to gain success and avoid failure in life (Scott, 2005). In psychology, there are two types of motivation like intrinsic motivation (internal) and extrinsic motivation (external) (Legault, 2017). Intrinsic Motivation “refers to a desire to work primarily because the work itself is interesting, challenging and satisfying to the person” (Cantania and Randall, 2013). Intrinsic motivation occurs when the activities motivate someone to act and create satisfaction in doing the activities without other intervention such as status or money for instance when someone doing their hobby or passion (Rheinberg, 2008). Extrinsic Motivation occurs when an employee “performs an activity with the intention of attaining some separable consequence, such as receiving an award, avoiding guilt, or gaining approval” (Deci et al., 1996 as cited in Dysvik and Kuvaas, 2013). Extrinsic motivation occurs when the external job element becomes the primary major to motivate someone to act like status or compensation (Locke and Schattke, 2018).

2.3 Motivation Theories.

There is none specific motivation theory explains all aspects of people’s motives or lack of motives. Each theoretical explanation can serve as the basis for the development of techniques for motivating. Motivation theories can be classified into two main categories (Tuan, 2011) as the content theory of motivation and process theory of motivation.

Content theories explain work motivation in terms of what provokes, energizes, or initiates employee behavior (Luthans, 2011). The content theories are to find out what controls and organize human behavior. They are mainly concerned with what motivates people, and what kind of rewards can enhance people's satisfaction and performance. The main content theories that will be used in this research are *Maslow's needs hierarchy*, *Herzberg's two-factor theory*, *Alderfer's ERG theory*, and *McClelland's achievement motivation*.

Process theories of work motivation explain how employee behavior is initiated, redirected, and halted. The process theories, also known as cognitive theories, explain motivation through the cognitive or thinking processes that occur within a given employee's mind (Michael, 2010). The process theories are more focused on what energizes motivational behavior and also the direction this behavior takes. The process theories go deeper to look at the desired end result as an aim towards motivational behavior. The main process theories that will be used in this research are *Victor Vroom's expectancy theory* and *Adam's equity theory*.

As a comparison, content theories are directly related to job satisfaction while process theories are relevant with efforts associated with the task and their involvement of performance.

d. 2.3.1 Content Theories.

2.3.1.1 Maslow's Hierarchy of Need Theory.

According to Maslow's hierarchy of needs (Faruk, 2016) beginning with the most basic need and going up to the highest, they are physiological (hungry,

thirsty and so on), safety (sense of security and protected, far away from the dangerous thing), social (affiliate with others, acceptance of society, owning), esteem (achievement, competition, and support from others), and self-actualization needs (cognitive needs: knowledge, understanding, explorer; esthetic needs: harmonization, regularity, beauty, self-satisfaction, the consciousness of self-potential), workers are interested in fulfilling external necessities such as physiological ones (i.e., the demand for air, water, and food) and safety and security ones (a house in a safe neighborhood, job security, a retirement scheme, and health/medical insurance): these incentives should be undertaken by employers (e.g., by supplying employees with a satisfactory benefits package).

Within the workplace, the employees from different countries or different parts of the world have different motivation by different needs (Zhao & Pan, 2017). Workers look for a sense of community and acceptance (Drumea, 2012a), to pursue the consent and recognition of their coworkers and supervisors, whereas managers, by assisting staff in feeling associated with the organization and its assignment (Nica and Potcovaru, 2014). External esteem is fulfilled by attaining the recognition of others, social and professional standing, gratitude, and appreciation (Popescu, 2015). Internal esteem involves the demand for self-respect, a sentiment of trust, accomplishment, and self-determination.

2.3.1.2 Herzberg's Motivator- Hygiene Theory.

Herzberg's two-factor theory, also known as the motivation-hygiene theory is one of the most significant theories related to job satisfaction (Dion, 2006). The main concept of Herzberg's theory is the difference between the two

factors: motivator and hygiene factor (Nanayakkara & Dayarathna, 2016).

Motivators factors include achievement, recognition, responsibility, advancement, and the work itself (Kwasi, 2011). **Hygiene factors** referred to the job-context variables such as salary, interpersonal relations, technical supervision, working conditions, and company policies and administration (Kwasi Dartey, 2011). As Islam and Ismail (2008) have observed that the six most effective motivating factors are the high wages, good working conditions, promotion, job security, interesting work and full appreciation of work done. Hence, he also has suggested increasing wages, promotions, job security, etc. In contrast, Alshmemri et al., 2016 have studied on job satisfaction among two hundred and seventy-two nurses in three main public hospitals in Saudi Arabia. The study had a mixed-method design and utilized Herzberg's theory as its theoretical framework to identify which factors, they believed led to job satisfaction. The results of the study supported Herzberg's motivation-hygiene theory and asserted that the hygiene factors were less important to job satisfaction; nevertheless, the motivation factors were most essential and led to job satisfaction.

Motivation factors lead to positive attitudes towards the job and hygiene factors surround the 'doing' of the job (Herzberg et al., 1959 as cited in Stello, 2011).

2.3.1.3 ERG Theory.

Alderfer's (1969) reformulated Maslow's five needs into three categories basic human needs simplifying as (E) existence (R) relatedness (G) growth, and that they could exist simultaneously (Thiagaraj, 2017). According to (Kim, & Lee,

2019), **Existence** is the lowest level need which is concerned with physical survival and includes the obvious needs for food, water, and shelter which can be satisfied through salary, fringe benefits, safe working environment and some measures of job security. **Relatedness needs** included philanthropy, vicarious achievement, and commitment and involves with the interaction other people and the satisfaction that they can bring in the form of emotional support, respect, recognition, and sense of belonging. These needs can be satisfied with the job through coworkers and off the job through friends and family. **Growth needs** referring to the self-esteem and self-actualization needs and includes need for personal growth and development which can be satisfied only by using one's capabilities into the fullest. **ERG theory** sees different needs from different levels existing in a sort of continuum where while there is hazy precedence for a lower-level need, it can still very well exist in the presence of a higher-level need.

2.3.1.4 Achievement Motivation Theory.

McClelland's theory was quite particular as the emphasis was placed more on how a need could be strengthened through reinforcement, learning and social conditions. David McClelland is another psychologist whose theory of needs went on to further explore the idea of a need's strength being altered through social influences. Through these standpoint views, he was able to come up with three learned needs namely: Achievement, affiliation, and power (McShane et al. 2010). Achievement motivation theory holds that individuals can have a need to get ahead, to attain success, and to reach objectives.

McClelland (Arnold et al., 2005 cited in Luthans, 2011) claimed that humans acquire, learn their motivators over time that is the reason why this theory is sometimes called the 'Learned Needs Theory. He affirms that we all have three motivating drivers, and it does not depend on our gender or age, but it was depended on our culture and life experiences. One of these drives or needs will be dominant in our behavior. **McClelland's theory differs from Maslow's and Alderfer's**, which focus on satisfying existing needs rather than creating or developing needs (Luthans, 2011).

Achievement motivation is a need to accomplish and demonstrate competence or mastery. It pertains to a person's need for significant success, mastering of skills, control, or high standards. It is associated with a range of actions. An individual seeks achievement, attainment of challenging (and also realistic) goals, and advancement in the school or job. This need is influenced by internal drivers for action (intrinsic motivation), and the pressure used by the prospects of others (extrinsic motivation).

Affiliation motivation – a need for love, belonging and relatedness These people have a strong need for friendships and want to belong within a social group, need to be liked and held in popular regard. They are team players, and they may be less effective in leadership positions.

Authority/power motivation – a need to control over one's own work or the work of others. These persons are authority motivated. There is a strong need

to lead and to succeed in their ideas. It is also needed to increase personal status and prestige. This person would like to control and influence others.

2.3.2 Process Theories.

2.3.2.1 Expectancy Theory.

Expectancy is the belief of employees regarding how specific acts will produce specific outcomes, and thus, employees choose behaviors to yield the highest reward (Milkovich & Newman, 2013). Expectancy theory assumes that motivation is largely influenced by a multiplicative combination of a person's belief that (a) effort will lead to performance, (b) performance will lead to specific outcomes, and (c) the outcomes will be of value to the individual (Victor Vroom, 1964 cited in Johennesse & Chou, 2017). Expectancy is the chance that exerting effort will induce higher levels of performance. The employee must have the ability to perform the task through the appropriate skills, education, experience, and necessary training to accomplish the task (McShane & von Glinow, 2014). Also, the theory predicts that high performance followed by high rewards will lead to high satisfaction.

2.3.2.2 Equity Theory.

Equity theory focuses on how motivation is affected by people's perception of how fairly they are being treated. The theory holds that if people perceive that they are being treated equitably, this perception will have a positive effect on their job performance and satisfaction, and there is no need to strive for equity. Equally, if they believe they are not being treated fairly, especially concerning relevant others, they will be dissatisfied, and this belief will have a negative effect

on their job performance, and they will strive to restore equity. Adams holds that equity is the craft of one person being honest and neutral in social interplays with another individual (Uhrig, 2015). There are four posits when inequity occurs: (i) when the perceived inequity causes stress in a person, (ii) when the quantity of tension is correspondent to the dimension of the inequity, (iii) when the inequity drives the person to diminish it, and (iv) when the intensity of the motivation to moderate the inequity is correspondent to the perceived inequity (Schniederjans et al., 2012).

2.4 Challenge of Overseas Workers.

According to the various meanings from the dictionary, the challenge is a situation of being faced with something that requires great mental or physical effort in order to overcome and therefore tests a person's ability (Cambridge, 2019). As working or living abroad is a challenging experience for the overseas workers to adapt to a new culture, adjust to a new way of life, meet with people that have different backgrounds, beliefs, etc., it is not easy at the beginning but it will be a great experience for life (Jibreel, 2015). Immersing in a new environment (both home country and host country) requires flexibility and determination that will be complicated at the beginning, but it is a great life lesson and becoming more independent and will gain the strength of character.

2.4.1 Culture Shock.

People who travel from their home country to the foreign country as a tourist, work, study or other purposes might face with differences situation or experience

that related with culture in language, food, clothes, hygiene and attitude to time. The new environment requires much adaptation in a short duration, challenging people's frames of reference to such an extent that their sense of self, especially in terms of nationality when people misunderstand or do not recognize the critical cue because of psychological disorientation (Ward et al., 2001). Culture shock is a feeling of anxiety, loneliness, and confusion that people sometimes experience when they first arrive in another country (Collins dictionary, 2019). These might be experienced by someone faced with unfamiliar environmental surroundings, a strange city or community, a different culture, etc. This might include the challenge and motivation toward the culture shock experience because it involves the interaction and movement of people across national boundaries (Xia, 2009).

As many researchers defined that culture has become a comprehensive variable, representing a range of social, historical, economic and political factors that are invoked post hoc to explain similarity or dissimilarity in the results of a study.

At the most basic level, culture shock is embedded within uncertainty. Upon the arrival of the overseas worker in the new culture, there is a general uncertainty regarding acceptable or unacceptable behavior (Naeem et al., 2015). As they stay within that culture, there is a realization that individual behavior which is considered acceptable in their home culture might not be acceptable in the host culture and specific behavior which is considered inappropriate or even offensive in their home culture might be acceptable in the host culture (Black & Grierson, 1991).

Perkins and Shortland (2006) claim 'It is expected that most people will experience culture surprises when interacting with other cultures, and culture shock, to some degree, particularly when living and working in another country. Culture shock is a normal and common phenomenon, the overseas worker might feel inadequate or weak, even believing that they are suffering some form of mental illness', this is something very important because when an overseas worker or any individual, as a matter of fact, leave a familiar environment and enters an unfamiliar one, old habits and routines are uprooted and disturbed, hence creating a psychological uncertainty (Naeem et al., 2015).

According to Winkelman (1994), there are four primary phases of culture shock, as follows: first is the Honeymoon phase (person enjoy in a new surrounding and a sense of euphoria. It is characterized by interest, excitement, euphoria, sleeplessness, positive expectations, and idealizations about the new culture a general feeling of excitement associated with being in a new country. This stage lasts from a few days or weeks to six months, depending on the circumstances, second is cultural shock phase (person shows his rejection of new things which do not make any sense in new culture. It depends on individual characteristics, preparations, and many other factors), third phase is adjustment phase (miss his home culture and choose to live in isolation) and is concerned with learning to adjust effectively to the new cultural environment, last phase is mastery or recovery phase (individual develops strategy to deal with new environment and come out from isolation). On the other hand, the fourth stage

signals ‘healthy recovery’, as the overseas worker accepts the new lifestyle and adjusts to the new circumstances (Cieri et al., 1996).

However, people visit a new country, they will feel very excited for the first time, and everything seems very interesting. When it comes at the second stage, the occurrence of the second stage of culture shock will be different from one person to another, depends on their preparation to deal with it. The third and fourth stages of culture shock are generally the same. The recovery duration will take three to six months after arriving in the new country (Adler, 2003) whereas Perkin and Shortland (2006) defined that all stages of culture shock included adaptation process takes six to eight months.

2.5 Overseas Workers.

The term migrant is well known all over the world as persons moving from one country to another country for a specific purpose, especially in seeking jobs. According to (Zikic et al., 2010) migrants’ career is both risky and unpredictable; they also settle in another country for an extended period. It is possible that migrants will stay permanently in the host country they are working in (Ariss et al., 2013) stated that “management studies use the term migrant when discussing the work experiences of unskilled individuals, having less educated backgrounds, and originating from less-developed countries.

2.5.1 Oversea Indonesian Worker.

The term Tenaga Kerja Indonesia (TKI) is much known in Indonesia. TKI means persons who are Indonesian citizen working in another country. According to Irawan (2014), there are two types of TKI, as follows: TKI through Departemen

Tenaga Kerja (DEPNAKER). DEPNAKER is the corporation who manage everything related to TKI. Every person who wants to be a TKI as legal TKI must follow every procedure which settled by the government, start from fulfilling the pre-requirement; get the permission or legalization from the government who manage things about TKI, such as DEPNAKER, and so on. Illegal TKI People have an assumption that following the government procedures is complicated, too many administrative requirements needed, that is why they are not interested in a government program. Based on the explanation stated, it can be concluded that there are two types of TKI; they are legal TKI and illegal TKI. It depends on which way they take to be a TKI. When they follow the procedure from the government, they considered as legal TKI, but if they do not, they are considered as illegal TKI.

2.6 Mining Companies in Laos.

Mining companies in Laos involve with 127 companies, 42 domestic companies, and 85 foreign companies (within 213 projects) consist of 48 Chinese (56.5%), 19 Vietnamese (22.4%), 6 Thai (7.1%), 4 Australian (4.7%), 2 Russian (2.4%), 2 North Korean (2.4%), Canadian (1%), 1 South Korean (1.2%), and 1 Polish (1.2%) companies (DOM, 2008) which involve in the prospecting period, exploration period and feasibility study period².

² Lao government has abolished 13 companies' licenses because they did not follow the agreement

Table 4: Number of Foreign Mining Companies in Laos

No	Country	Company	Percent
1	China	48	56%
2	Vietnam	19	22%
3	Thailand	6	7%
4	Australia	4	5%
5	Russia	2	2%
6	S. Korea	1	1%
6	N. Korea	2	2%
8	Canada	1	1%
9	England	1	1%
10	Poland	1	1%
Total		85	100%

Source: DOM (2008)

According to the MINDECO (2008), there are about 35 working mines in Laos which include the Sepon and Phubia mines (Table 4) of the 35 working mines; only two working projects have modern production systems. There are thirteen mines belonging to the Lao government: seven mines managed by the Ministry of Energy and Mines, five mines managed by Ministry of Defense, and one mine managed by the Ministry of Industry and Commerce. Foreign investors manage twelve mines; six mines were managed by China, three mines were managed by Thailand and two mines were managed by Vietnam.

The characteristics of the mining industry in Laos categorized into 3 types (Nishikawa et al., 2006) : (1) Large/medium-scale mines with modern production systems (international operators), (2) Small-scale mines without modern production systems (regional operators) and (3) Artisanal gold mining without registered mining rights or any systems (artisanal employees).

Table 5: Main Working Mines in Laos

Company name	Mine name	Kind of mineral	Country
Lane Xang Minerals	Sepon	Gold	Australia
Lane Xang Minerals	Sepon	Copper	Australia
Phu Bia Mining	Phu Kham	Gold	Australia
Lao-Korean Tin Mines	N/D	Tin	Laos-N. Korea
Padeng Industry Public Co.Ltd	Kayso	Zinc	Thailand
Phialat Gold Panning	Phialat	Copper	Laos - China
Lao International Trade and Service *	Houaixay	Sapphire	Laos**
Gypsum Mining Co.Ltd*	N/D	Gypsum	Laos**

Source: MINDECO (2006).

Note: N/D: No data, Au: gold, Ag: silver, Cu: copper.

*National company

** Government

The medium-large mining projects are operated by Australian companies, which have modern technology and also consider environmental protection. On the other hand, small mines are operated by neighboring countries such as China, Vietnam, and Thailand, which use more basic technology and show weak consideration of environmental issues (MINDECO, 2008)

2.7 Working Condition in the Mining Company.

The main focus area for this research involved with the medium-large mine sized companies that recognized that are operated by Australian companies, which have modern technology and also consider environmental protection. As we know that working in the mining company is considered as the risk working area within the excellent payment and policy package to motivate the employees for good performance. Firstly, the mining company almost operated in the remote area that

quite far from the city within the limited facilities. Moreover, the working environments also may consist of uncomfortable factor like the heat, cold, noise, darkness, brightness, humidity, dry, and so on. On the other hand, the daily life of employees in the mining companies interacted with the dust, chemical, oil, gas, engine, machine, etc which depended on the position. All that mentioned on the above may lead the health risk for the employees as follows:

- a. Employees who work in underground mines are at risk of developing occupational disease or respiratory-related issues caused by ventilation hazards and exposure to harmful substances.
- b. Radon is an odorless radioactive gas that can lead to lung cancer from long term exposure.
- c. Dust is also the main risk that employees face on a day to day basis. Blasting and drilling create very fine dust particles in the air, which can accumulate in and damage the miner's lungs. This buildup can lead to pneumoconiosis, Silicosis.
- d. Chemicals used in mines are often the cause of long-term health issues for employees as inhaling dangerous chemicals along with dust can cause terrible long-term health issues.
- e. Employees also work with heavy electrical equipment which puts them at risk of electrocution, often caused by working with electricity in a damp environment.

- f. Drilling and usage of heavy machinery, mines are notoriously noisy places can damage their hearing, and even rupture eardrums. There are other dangers lurking on mine sites, including injury or death caused by falls, and accidents.

Therefore, safety rule was considered as the first priority company policy to improve the working condition and working environment, and to create the safety culture in the workplaces both office area and mine sites to reduce the health risk of the employee which can do by introducing of strict safety rule and protocol as well as advances in safety equipment and provided the standard facilities in the working area to help the employees feel more secure from the risk that they acknowledge on their tasks.

2.8 Summary.

This chapter is included the basic theories related to the motivations and challenges of the employee. Maslow' motivation theory was explored and used in this research. Hence, the literature review has described the characteristics of the mining company, working condition. The next chapter will explain the selected methodology used for this research.